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W. HAROLD LEONHART
President



The Leonhart Building

THURSDAY, MAY 1, 1952

FIRE · MARINE · CASUALTY · SURETY

Loyalty Group

I N S U R A N C E

FINANCIAL STATEMENTS DECEMBER 31, 1951

VALUATIONS ON BASIS APPROVED BY NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

Companies	Capital	Total Admitted Assets	Liabilities (except capital)	Surplus to Policyholders
Firemen's Insurance Company of Newark, N. J. <small>Organized 1855</small>	\$12,275,000.	\$108,470,990.	\$61,257,086.	\$47,213,904.
Girard Insurance Company of Philadelphia, Pa. <small>Organized 1853</small>	1,000,000.	10,711,510.	6,979,138.	3,732,372.
National-Ben Franklin Insurance Co. of Pitts., Pa. <small>Organized 1866</small>	1,000,000.	10,476,694.	6,617,586.	3,859,108.
Milwaukee Insurance Company of Milwaukee, Wis. <small>Organized 1852</small>	2,000,000.	28,159,650.	17,868,349.	10,291,301.
The Metropolitan Casualty Insurance Co. of N. Y. <small>Organized 1874</small>	1,500,000.	36,291,676.	27,904,445.	8,387,231.
Commercial Insurance Company of Newark, N. J. <small>Organized 1909</small>	2,000,000.	42,686,336.	33,078,793.	9,607,543.
Royal General Insurance Company of Canada <small>Organized 1906</small>	100,000.	433,385.	6,568.	426,817.

Pittsburgh Underwriters - Keystone Underwriters

HOME OFFICE

10 Park Place
Newark 1, New Jersey

WESTERN DEPARTMENT
120 So. LaSalle Street
Chicago 3, Illinois

SOUTHWESTERN DEPARTMENT
912 Commerce Street
Dallas 2, Texas



CANADIAN DEPARTMENTS
800 Bay St., Toronto 2, Ontario
535 Homer St., Vancouver 3, B. C.

PACIFIC DEPARTMENT
220 Bush Street
San Francisco 6, Calif.

FOREIGN DEPARTMENTS
102 Maiden Lane
New York 5, New York
206 Sansome Street
San Francisco 4, Calif.

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R. I. Agents' Chief Favors Probationary Licenses for Youths

**Declares It Would Cut
Auto Losses More Than
Responsibility Laws**

PROVIDENCE—Rhode Island Assn. of Insurance Agents at its mid-year meeting here, was urged to work for passage of a state law for the issuance of probationary licenses to drivers between 16 and 20 years old.

Donald S. Paige, association president, suggested that the law allow renewal of probationary licenses only if the licensee has a good driving record. He recommended that the law also require that



C. F. J. Harrington



Donald S. Paige

an automobile being driven by a probationary licensee should be so identified, front and rear, so that police could keep an eye on the driver.

Mr. Paige said he thought his plan would be more effective in reducing automobile public liability and property damage losses than all the financial responsibility laws on the statute books—including Rhode Island's new financial responsibility act, which was discussed at an afternoon panel.

His remarks were made at the dinner session of an afternoon and evening meeting attended by about 400. Mr. Paige reported that association membership was 262—a record—that its reserve fund will be increased this year, and that the association was continuing its hands-off policy on the matter of commissions paid by any company to a member agent. He also said the association will continue its program for stronger state legislation of agents' qualifications.

Harrington Talks on Regulation

Charles F. J. Harrington, executive vice-president of National Assn. Casualty & Surety Agents, and until last year Massachusetts insurance commissioner, discussed the regulation and taxing of insurance business since enactment of public law 15 gave the states regulatory powers over the business.

He said the industry should not complain when a commissioner disagrees with its views on how rating laws should be administered, expressing the view that as long as the commissioner does not arbitrarily or capriciously arrive at his decisions, the courts are most likely to uphold his findings.

Mr. Harrington was critical of the favor some commissioners show towards merit rating plans for automobile insurance, saying that additional expense would be incurred in determining the

(CONTINUED ON PAGE 34)

Dillard Takes Over for Fireman's Fund in East and South

**To Have New York
Headquarters; Sims,
Knoblock Are Raised**

Fireman's Fund group is transferring Vice-president John H. Dillard from Atlanta to New York to assume administrative and executive duties for eastern and southern operations.

The three major class and departmental operations will remain under the full authority of a vice-president or manager with Mr. Dillard being the senior group executive. Vice-president Louis W. Niggeman will continue in complete charge of the Atlantic marine department and Vice-president Arthur T. Fleischhauer, of the fire and automobile operations.

Henry E. Knoblock has been elected a vice-president of Fireman's Fund In-



J. H. Dillard



H. E. Knoblock



T. E. Sims, Jr.

demnity and appointed manager of the eastern indemnity department to succeed the late Richard V. Goodwin. William A. Walker continues as assistant vice-president.

Thomas E. Sims, Jr., who succeeds Mr. Dillard as manager of the southern department at Atlanta, also has been elected an assistant vice-president of the indemnity company. Loyale W. Stynchcombe and John L. Earl remain as assistant managers.

New Appointees' Careers

Mr. Dillard, a graduate of Atlanta law school, entered insurance in 1920. He joined Fireman's Fund at Atlanta 25 years ago, became manager of the southern department in 1944. He later was elected a vice-president. He has been active in insurance organization work, serving on a number of committees, principally of Southeastern Underwriters Assn., Cotton Insurance Assn. and National Automobile Underwriters Assn. Last year he was elected vice-president and chairman of the executive committee of S.E.U.A.

Mr. Knoblock has been with Fireman's Fund Indemnity at New York since it was organized in 1930. He was elected an assistant vice-president in 1942 and appointed associate manager in 1946.

Mr. Sims' entire business career has been with Fireman's Fund in the south. He was a field man for a number of years and an agency superintendent prior to being appointed assistant manager in 1948.

Huge Ford Fire Line Goes to F.I.A.

Effective April 24, Factory Insurance Association has bound all United States properties of Ford Motor Co. for insurance against fire, tornado, sprinkler leakage and vandalism in an amount in excess of \$1½ billion. This is thought to be the second largest fire insurance line in history, being exceeded only by that of U. S. Steel, which was with F.I.A. for two or three years in the forties before returning to self-insurance.

The business is being offered F.I.A. members through the western regional office. Broker on the line is Marsh & McLennan.

Ford has been a self-insurer. Roy L. Jacobus, who for many years was insurance manager of Montgomery Ward & Co., is the insurance manager of Ford.

Zone 4 Group Covers Wide Range at Detroit

All states in zone 4 were represented at the Detroit gathering of the organization this week. The commissioners had a full agenda lasting through noon Tuesday, the only non-insurance matter being the address at the banquet Monday evening by Dr. Alfred Haake of General Motors, who talked on free enterprise.

Commissioner Navarre of Michigan was the host and gave the welcoming remarks. The commissioners attending included Day of Illinois, Lange of Wisconsin, Viehmann of Indiana, Nelson of Minnesota, Mitchell of South Dakota, and from North Dakota and Iowa were Deputies Wessman and Orebaugh, respectively.

The recommendations of the zone 4 rating organization, reported last week, were objected to by J. H. Finnegan of the National Board and C. H. Graves of Mutual Insurance Rating Bureau. They said that the changes in the collection of statistics suggested for zone 4 should be handled instead on a national basis. Ernest Palmer, Springfield, Ill., attorney and former Illinois director, reviewed the history of the zone system which began in 1946 and then said that the zone people should go slowly in trying to legislate by zones. This will have the effect eventually of killing N.A.I.C., he warned.

To the suggestion that fire and E.C. premiums of marine policies be separated and the fire and E.C. portion be coded and classified in accordance with state fire rating bureaus and National Board classification systems, William Rodda of Transportation Insurance Rating Bureau and Harold Wayne of Inland Marine Insurance Bureau took exception, maintaining that the plan is premature and involves a good deal of additional expense that might be difficult to justify.

Licensing Forum

Monday afternoon there was an open forum on agents' and brokers' licensing problems. M. Robert Olp of Marsh & McLennan at Detroit substituted for W. O. Hildebrand of Michigan Assn. of Insurance Agents in presenting a permanent licensing plan. Mr. Olp is chairman of the Michigan association educational committee. Lange of Wisconsin objected to this idea and to the proposal that the departments assume

(CONTINUED ON PAGE 34)

Company-Agent Conference Progress Stressed at Denver

**N.I.A.I. State Directors
Sessions Dovetailed with
Rocky Mountain Parley**

By LEVERING CARTWRIGHT

DENVER — National Board of State Directors of N.A.I.A. dovetailed its mid-year sessions with the gathering of Rocky Mountain Territorial Conference here this week, the entire congregation numbering nearly 600. So far as the discussion went there was an absence of things to get excited about and the deliberations covered mainly time-honored subjects. Despite, however, a lack of feverish issues the convention group was unusually attentive and the meeting room was always more peopled at the end of a session than at the beginning.

The N.A.I.A. executive committee had been here in session since last Thursday. Monday morning comprised a session

Howell Earnest of Santa Fe, N. M., was elected as the new chairman of Rocky Mountain Territorial Conference.

Ed Jackson of Laramie, Wyo., is the new first vice-chairman, George Thatcher of Colorado Springs is second vice-chairman and Paul Gotch is the secretary.

of R.M.T.C. and except for the preliminaries was taken up by a presentation of how the company-agent conference procedure is maturing throughout the country, with Arthur M. O'Connell of Cincinnati foreman of a string of leaders reporting from E.U.A., S.E.U.A., W.U.A., W.A.B., Pacific Board and Rocky Mountain fields. The general impression left was that substantial gains are being carved out in this area, although at times evidence of progress seems to be obscured by some sulphuric exchanges.

Ashton Fires Boadside

Most provocative panelist was J. L. Ashton of Milwaukee, who is bidding for the crown of the insurance man who minces the fewest words. He asserted that Western Actuarial Bureau management comes as close to being a dictatorship as anything in the insurance business. He said he doesn't like the way they control the business in the western territory. Never, he said, has he heard W.A.B. spokesmen say they will do what the agent conferees propose. Even some of the company people, he declared, have been embarrassed by this attitude. There were some 60 items a year ago on the agenda of the western company-agent conference and yet not one of them has been translated into action. The companies, he said, should be the ones to tell the bureaus what to do but instead it has been the other way around. The bureaus, he asserted, simply open the gates a trifle occasionally to make the agents think they are sympathetic.

Despite his caustic remarks, Mr. Ashton nevertheless takes heart for the future. The agents conference committee,

(CONTINUED ON PAGE 17)

SHERWOOD AT DENVER

Unveil Catastrophe Plan,
Tells Agents Their Role

A carefully planned catastrophe loss adjustment procedure, in which general agents, local agents, agents' associations, local loss associations, adjusters and field men will participate was outlined at the midyear meeting of the national board of state directors of National Assn. of Insurance Agents at Denver by D. B. Sherwood, general adjuster of National Board. The plan has been in the process of development for many months by a special subcommittee of the committee on adjustments of National Board.



D. B. Sherwood

In its fullest application it would become operative following such catastrophes as the northeast windstorm of 1950, the Texas City explosion of 1947, the Gulf coast hurricane of that year, or the recent series of tornadoes in the south central states.

Embodies Latter Day Lessons

Though built on the foundation of National Board's catastrophe procedure that went into operation in 1943, it reflects in its extended form many of the lessons learned in the 1950 windstorm in the northeast. For example, it is recommended that no losses be adjusted for at least 72 hours after a catastrophe. It is generally agreed this will materially hasten adjustment of all losses by allowing time for necessary preparation for handling the adjustment work in an orderly manner. This is particularly so as the size of the catastrophe and the number of properties damaged increase.

N.A.I.A. is recommending formation of catastrophe loss committees at local board, local association and state association levels, and some have already been established.

The committee, Mr. Sherwood said, has laid out the plan in a clear and understandable narrative in a book which will be available to agents, adjusters and others concerned with a catastrophe problem. The book sets forth the duties and responsibilities of various participants in the procedure.

A valuable feature is the index of reference material. This includes samples of catastrophe notice of loss, newspaper publicity and advertising, transcripts of radio broadcasts, arbitration agreements, guiding principles, National Board's bulletin warning against adjusting new for old, price lists and the board's supervisory office bulletins.

Role of Agents

The book discusses in some detail the role of agents in the procedure. For example, the plan leans to the view that agents are better off if they do not adjust losses. Many agents are capable of doing so, but under catastrophe conditions, it is explained, no agent can handle more than a few of the losses that arise in his office. He finds himself so engaged with other duties that perhaps all interests would be served best if he refrained from actual adjustments entirely.

Losses must be inspected to be properly adjusted. Past experience in catastrophe situations shows that agents who steadfastly decline to adjust losses are in a better position than those who attempt to do so and who at the same time prepare loss notices and keep their offices operating efficiently.

The catastrophe notice of loss has been patterned after the one-write policy as closely as possible. This should prove helpful to policy writers in agency offices when they fill out the notices. It

has been tested in several agency offices and found highly satisfactory. There is space in the upper left-hand corner for city and catastrophe zone number which National Board urges be completed in all cases, thus enabling adjusters to confine their activities to individual zones and avoiding needless travel time. Minimum requirements call for a copy of the notice to the company or general agent and to the field man. Reporting losses by telephone must be discouraged, the book points out.

Plan of Distribution to Agents

The completeness with which the plan has been projected and articulated for successful operation under difficult circumstances is illustrated by the solution to the problem of getting the catastrophe notices to agents. Ordinary loss notices are distributed by the rating bureaus. What is being done is to print the catastrophe loss notice on the back of the regular notice in orange, a different and distinguishing color from the regular green loss notice on the other side. Shipments of loss notices will be accompanied by fliers urging agents not to use the back, or catastrophe, blank until advised by National Board that there is a catastrophe and that it has been given a number.

It is recommended that as the agent receives a report of loss, it be inspected by him or one of his staff before the notice of loss is prepared. Though this is impossible in many cases, at least the agent can secure from policyholders he knows at the time the loss is reported substantial information as to the nature and extent of it. In areas where catastrophes recur, agents have selected one or more of their clerical staff to do nothing but take phone calls from policyholders with losses to report. Thus agency personnel learns to secure satisfactory information, and with this as a guide the agent can arrange his losses so that policyholders most seriously affected get first attention.

This is the time to explain the deductible clause, if there is one, or that the loss is outside the coverage, if that is so. It is also a good time to advise insured to arrange for temporary repairs to protect property from further damage. The agent can explain to policyholders that there are thousands of losses, and that the more seriously damaged properties should have first attention. He can prepare a notice of loss with an intelligent estimate of the damage and a three or four word description of it, all of which will be of untold benefit to adjusters.

The book urges agents keep an up-to-date file showing the exact departments of each company in the agency, the number of loss notices required and where they are to be mailed. This file will be of vital importance in the event of a catastrophe, especially where the agent employs temporary help.

72 Hours None Too Long

Thus a 72-hour period devoted to organization of the agent's office to handle the additional burden is none too long. The time can be spent profitably calling on policyholders, augmenting the clerical staff, etc. Price lists have to be prepared in cooperation with local building trades, price schedules established and other duties accomplished by the fieldman, adjuster and agent.

Much is made in the book of the opportunity these occasions provide for creating or augmenting good relations with the public. Of course, losses should be neither underpaid nor overpaid, but everyone participating in the loss adjustment procedure can do his job in a way that will make for a favorable impression.

The book contains some rules-of-thumb which agents have found go a

long way to make loss adjustment easier and which make and keep friends for the business. Among them are the following:

Be sure insured understands his contract. Explaining the contract is just a part of the regular service of agent to insured. If the agent fails to do this, when a loss occurs, insured discovers too late his coverage isn't what he thought it was.

Report Losses Promptly

Report losses promptly. If necessary, take time to explain to insured how loss adjustment works and why there may be a delay. Adjusting losses may be a simple thing to those in the business, but to insured it is often a complicated process he doesn't understand. He may not grasp the meaning of depreciation, or "loss through use." There is an article on "Replacement Cost Adjustments" in the index.

Cooperate with the adjuster. This will help make his contact with insured easier.

With increasing frequency, Mr. Sherwood noted, catastrophe losses involving perils insured under extended coverage will continue to demand attention. It is a nationwide problem. There also is the possibility of conflagration, though the country has been singularly free from such disasters for many years. A severe earthquake is another possibility confronting the business.

Can Use on Smaller Situations

He noted that assignment of a catastrophe serial number does not in itself mean that National Board will establish a supervisory office. However, the material in the catastrophe book should be of real interest whether a supervisory office is established or not, or whether there is a catastrophe within the \$1 million limit prescribed by the actuarial bureau of National Board. There may be a local storm or local disaster that results in losses something less than that figure and yet involves many hundreds of properties.

Mr. Sherwood noted that there is a continuing effort to increase the manpower pool of adjusters throughout the country. Adjusting organizations are constantly augmenting their staff and the companies are expanding their corps of staff adjusters. With a normal loss inventory, it is believed that the insurance business is in a position to place 500 experienced, seasoned adjusters in any one disaster area. These experienced men cannot only adjust losses but, at the same time, supervise the activities of less experienced personnel.

In "Ad" Changes

Named last week in public relations changes of Home of New York were Kenneth H. Dunshee, who has resigned as public relations director and assist-



A. E. Bulau



K. H. Dunshee

ant secretary to go with Albert Frank-Guenther Law advertising agency, and Alwin E. Bulau, who succeeds him as advertising manager. Mr. Dunshee will act as consultant on Home's advertising program and develop special projects including the centennial celebration of Home in 1953. Mr. Bulau, who was recently elected secretary, will also take over Mr. Dunshee's duties as curator of the H. V. Smith Museum of Home.

Insurers Queried
on \$50 Deductible
Comprehensive

Insurers writing automobile physical damage in New York have been sent by the state insurance department a questionnaire relative to their underwriting policies on the \$50 deductible comprehensive. This was authorized recently by the department when it granted an increase in rates.

The questionnaire in substance asks if the company writes the deductible, if it writes the full cover, if it makes a selection as to insured it will issue the full cover and the bases for such selection, underwriting rules written or otherwise for writing the deductible, and justification for writing the deductible only in Staten Island and other low rated territories where the minimum for full cover is the same as for the deductible.

Companies indicate they are responding promptly to the questionnaire. The answers are expected to reflect a great variety of underwriting policy.

Staten Island producers have complained about the situation there, though on inquiry, it is apparent that not all companies follow the practice in that territory of writing the deductible only.

Each Company Uses Own Judgment

Each company apparently has studied its experience (and is watching it very closely as time goes along) and is applying what underwriting rules it feels it must in order to stay in the field in the metropolitan area. Experience on the physical damage line has worsened steadily in the last year—with a number of losses that are undoubtedly the product of the imagination of insured and his auto repair man, especially under the vandalism and malicious mischief feature.

In certain territories, some of the companies are applying the deductible on a mandatory basis. It is this mandatory practice that may be the key to the department's inquiry. Should all insured be offered full cover and deductible, for their choice?

Some producers have pointed out the weaknesses of an option and have called for mandatory deductible. One difficulty at this point is that metropolitan New York and the rest of New York state are simply two very different territories with respect to losses. Insurers are having no trouble with comprehensive cover in the remainder of the state. In the areas outside metropolitan New York City there are not the maintenance claims that deluge the companies within the city.

Several companies are applying a mandatory deductible in the Bronx, Manhattan, Brooklyn and Queens. On the other hand, one company that applies a mandatory on Staten Island, is not applying a mandatory in these other boroughs.

Another company is providing a choice in several areas except on old cars, 1946 or older, or where there is a high claim frequency. There is underwriting by agent, by broker and by territory.

Another's underwriting policy looks like this: The deductible is being applied on ungaraged cars, cars older than 1946, chauffeur-driven cars. It is studying the underwriting record of the producer. Another is issuing the deductible on all new risks it gets but is providing full coverage where desired on renewal of old business that has been on the books, if the record of insured and that of the producer are good.

Change in Nashville Agency

The name of Davis, Bradford & Corson, Nashville local agency since 1867, has been changed to Davis & Corson, J. C. Bradford becoming a "special partner." Besides Mr. Bradford, principals are H. H. Corson, Paul M. and Peter Davis.

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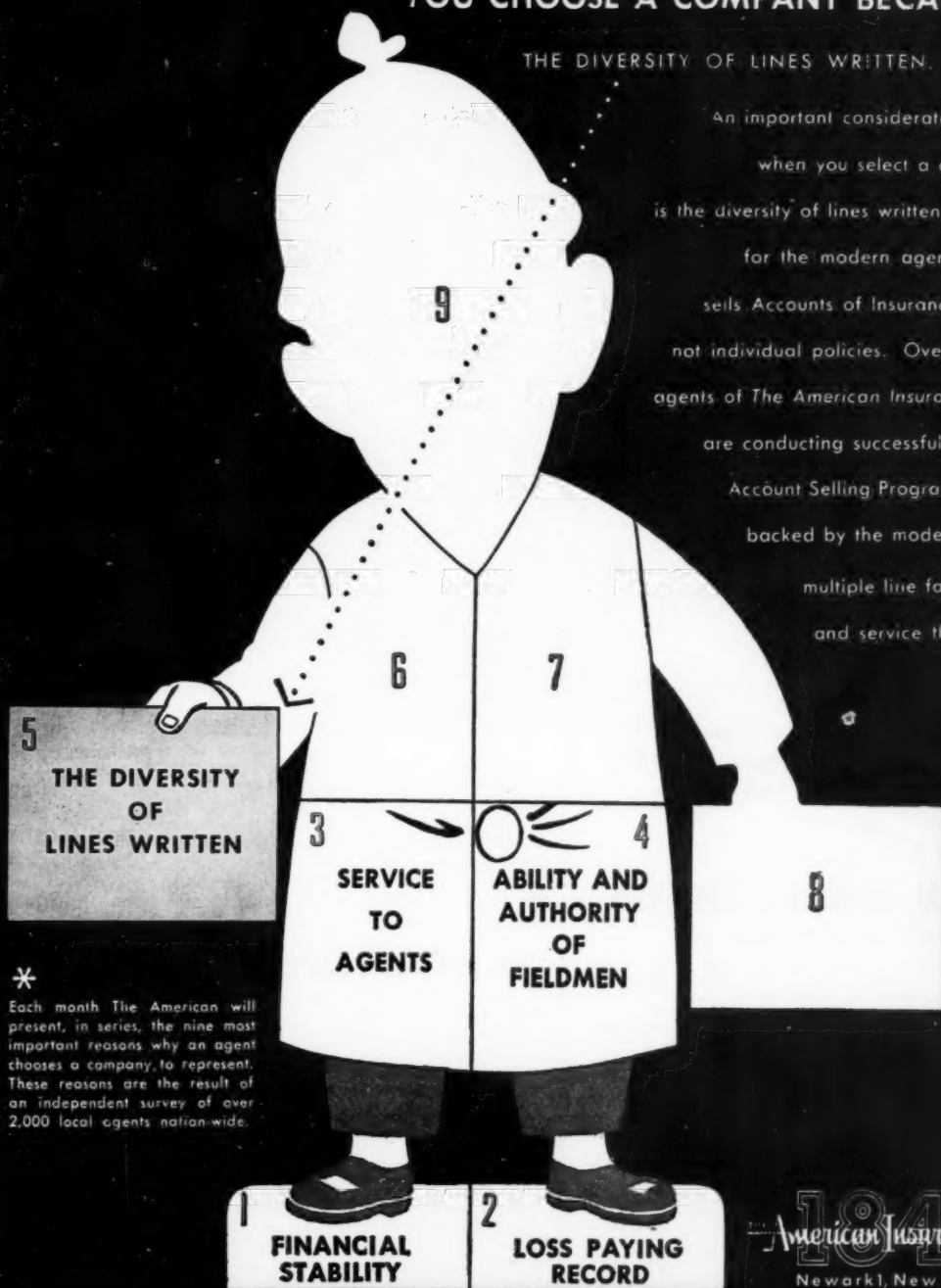
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YOU CHOOSE A COMPANY BECAUSE OF*

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An important consideration
when you select a company
is the diversity of lines written,
for the modern agent
sells Accounts of Insurance...
not individual policies. Over 10,000
agents of The American Insurance Group
are conducting successful
Account Selling Programs,
backed by the modern
multiple line facilities
and service they need.



*
Each month The American will
present, in series, the nine most
important reasons why an agent
chooses a company to represent.
These reasons are the result of
an independent survey of over
2,000 local agents nation-wide.

1846
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THE AMERICAN INSURANCE COMPANY • BANKERS INDEMNITY INSURANCE COMPANY • THE JERSEY FIRE UNDERWRITERS

Smith Discounts Branch Office Threat in Minnesota Talk

Says Agency System Is Best and Will Continue If Public Wants It

MINNEAPOLIS — There is no serious threat to the continuance of the American agency system if companies and agents "all think of the public good and cultivate that public interest, looking particularly to the service we render our policyholders," Charles H. Smith, western manager of Hartford Fire, Chicago, said in an address prepared for delivery at the midyear conference here of Minnesota Assn. of Insurance Agents. Mr. Smith was unable to attend and his address was read by Sidney B. Behlmer, assistant manager of Hartford at Chicago.



C. H. Smith

Mr. Smith said he does not believe there is any desire on the part of companies to establish branch agencies and discontinue doing business through agents. "The American agency system without doubt is the soundest way of transacting our business from every standpoint," Mr. Smith said. "To

properly serve the public there must be insurance agents in every town, large and small, and to secure a proper volume of business a company must be represented pretty generally over the country.

"No company could afford to plant a branch office in all the communities where agency service should be rendered to the public. Probably only a few companies could afford branch offices in any but the largest cities and there is a question about it even in those cities. Certainly no company could afford branch offices in small towns. Companies could not group together and maintain branch offices in any manner that I can visualize that would be economically and legally sound."

As to doing insurance business by mail or slot machines, Mr. Smith said that would be unthinkable because it would result in "wholly unsatisfactory service to the public."

"I do not anticipate there will be any tendency to establish branch offices in lieu of agencies even in the larger cities unless demands of agencies in the way of commissions or in the way of other consideration be such as to make it economically unsound to do business with agents," Mr. Smith said. "I have sufficient confidence in the wisdom and fairness of agents to feel that companies will not be forced to take any action in this direction."

Depends on Public Attitude

The only threat to the agency system that might be considered important, Mr. Smith said, is the public. "I think the future of the American agency system depends entirely upon the attitude of the public toward it and legislation that might result from such attitude," he said. "If the public should believe that the agent does not have a legitimate place in the business and that it would be better off without him or even becomes disgruntled and has ill-feeling toward him, some politician might have

(CONTINUED ON PAGE 21)

Announce General Agents' Speakers

Program arrangements for the annual meeting of American Assn. of Managing General Agents at White Sulphur Springs, W. Va., May 19-21, have been completed. Speakers at the convention include Edwin Ratcliffe, president West Virginia Assn. of Insurance Agents, who will give the welcoming address; Commissioner Crichton of West Virginia; Philip M. Winchester, eastern department general manager of General Adjustment Bureau; Walter M. Sheldon, Chicago, vice-president of National Assn. of Insurance Agents; H. T. Lewis, Royal-Liverpool group; Hiram E. Redmon, past president of Kentucky Assn. of Insurance Agents; James M. Cahill, secretary of National Bureau of Casualty Underwriters, and Parks Hunt of the Hurt & Quinn general agency of Atlanta.

H. E. Cragg of Wheeling, W. Va., is president of the general agents' organization.

Membership Rules of Ark. Bureau Are Put to Test

LITTLE ROCK—Following a public hearing here Commissioner Graves has taken under advisement the complaint of Farm Bureau Mutual of Little Rock in which it alleges that Arkansas Inspection & Rating Bureau's assessment charges against it as a subscriber are unreasonable and discriminatory.

The bureau's charges, based on gross premiums less return premiums, were unreasonable according to the Farm Bureau because 75% of its business is of a farm nature for which little or no inspection service is provided. The company further objected to having its policies audited by the bureau since all policies are issued in its home office. Another complaint was that assessments should be based on premiums actually collected rather than on a basis of premiums that "would have been collected had no deviation been filed." The company deviates 20% from bureau rates.

Speaking for the bureau, Walter Plangman, director, pointed out that the bureau would be discriminating against non-deviating companies if the deviations were not taken into consideration in arriving at assessments. As to auditing, Mr. Plangman said the bureau records show that during the past 12 months 558 Farm Bureau Mutual policies were incorrectly written. He also stated that because the company has several exclusive agents it receives a much larger quantity of general basis schedules and other bureau publications than usually supplied individual members or subscribers.

\$500,000 Fire in N.Y.C.

NEW YORK—The Loft building at 91 Chambers street, near the City Hall here, was substantially destroyed by fire with an estimated insurance loss of more than \$500,000, most of it on contents. The building was occupied by E. J. Willis Co., which occupied the ground floor and basement, and had stored there paint remover, signal flares and other inflammable materials. The fire was kept away from these supplies. The flames started among cartons containing bicycles on the second floor quarters of Consolidated Bicycle & Toy Co. That firm was burned out.

Clark Los Angeles Manager

James B. Clark, Jr., has become manager of the Los Angeles office of Reinsurance Underwriters, which has been moved to larger and more convenient quarters at 1122 Wilshire boulevard. Mr. Clark has been manager of the Lloyds department of Pacific Employers at San Francisco for two years and before that was with the Victor Montgomery general agency at Los Angeles.

Prison Loss Puts Mich. State Fund Farther in Red

Michigan's state fire fund, whose balance on hand was too small to meet the loss in the state office building fire of February, 1951, has again proved inadequate to defray the cost of rebuilding and reequipping riot-burned buildings at the southern Michigan prison at Jackson. Property loss there is estimated at \$2,500,000 by state building department officials. Unofficial estimates place the fire loss alone at around \$1 million and it may go higher. The state fire fund's balance now stands at \$774,000 and it would be completely wiped out if the entire prison loss were met.

An emergency allocation from the fire fund of \$150,000 was made to meet the cost of the preliminary cleanup at the prison but little or no reconstruction will be possible, it is conceded, out of that amount. No other insurance coverage was carried on the prison properties although the 1951 legislature, in the light of the state office building fire, did modify the law to permit placing of private insurance on state properties if a condition of concentrated property values or high hazards seemed to warrant such a course and the insurance commissioner and state administrative board approved. No actual contracts have been made under this provision, although surveys have been under way.

Prison buildings which probably will be subject to claims on the fund include the prison laundry, practically destroyed, with a clothing loss alone estimated at \$58,700, machinery \$44,076, and building \$289,800; twine manufacturing plant, the chapel, in which a \$35,000 pipe organ bought by convict contributions was virtually destroyed; greenhouse, auditorium, inmate store, and several other miscellaneous properties.

The state fire fund is supposed to have a normal ceiling of \$1,750,000 although recent experience has indicated its insufficiency to meet "catastrophe type" losses. Provision had been made in a deficiency bill at the recent legislative session to provide the necessary \$1 million to bring the fund up to the statutory minimum but the item was cut from the measure in the interest of economy.

Knoll Named I.T.C. Secretary

Francis J. Knoll has become secretary-treasurer of Ins. Co. of Texas, replacing John G. Vaughan. Mr. Knoll is also secretary-treasurer of Continental Fire & Casualty, a companion company.

Mr. Vaughan will continue as vice-president of I.C.T., as a director and as investment officer.

FIRE PREVENTION ENGINEER

A well established company needs a man to manage their engineering department. He must have rating experience and be well versed in all fire lines. Minimum salary \$10,000.

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London and Edinburgh Insurance Company, Ltd., London, England. (Est. 1919)	Arendal Assurance Company, Limited, Arendal, Norway. (Est. 1860)
Reinsurance Company, Salamandra, Ltd., Copenhagen, Denmark. (Est. 1918)	Lloyd Maroccan d'Assurances. (Est. 1940)
(Reinsured 71.429% by The Swedish Reinsurance Company, Asquitas, Ltd., Malmö, Sweden) (Est. 1944)	Compagnie Africaine d'Assurances. (Est. 1930)
The Private Insurers Ltd., Copenhagen, Denmark. (Est. 1786)	The Seven Provinces Insurance Co., Ltd., The Hague, Holland. (Est. 1918)
The Copenhagen Marine Insurance Association, Ltd., Copenhagen, Denmark. (Est. 1852)	The New First Netherlands Insurance Co., Ltd., The Hague, Holland. (Est. 1925)
Reinsurance Company, Russia, Ltd., Copenhagen, Denmark. (Est. 1918)	Vanguard Insurance Company, Limited, Sydney, Australia. (Est. 1951)
The Norrland Insurance Company, Ltd., Stockholm, Sweden. (Est. 1889)	Eagle Insurance Co., Ltd., Paris, France. (Est. 1921)
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Inquiries Invited

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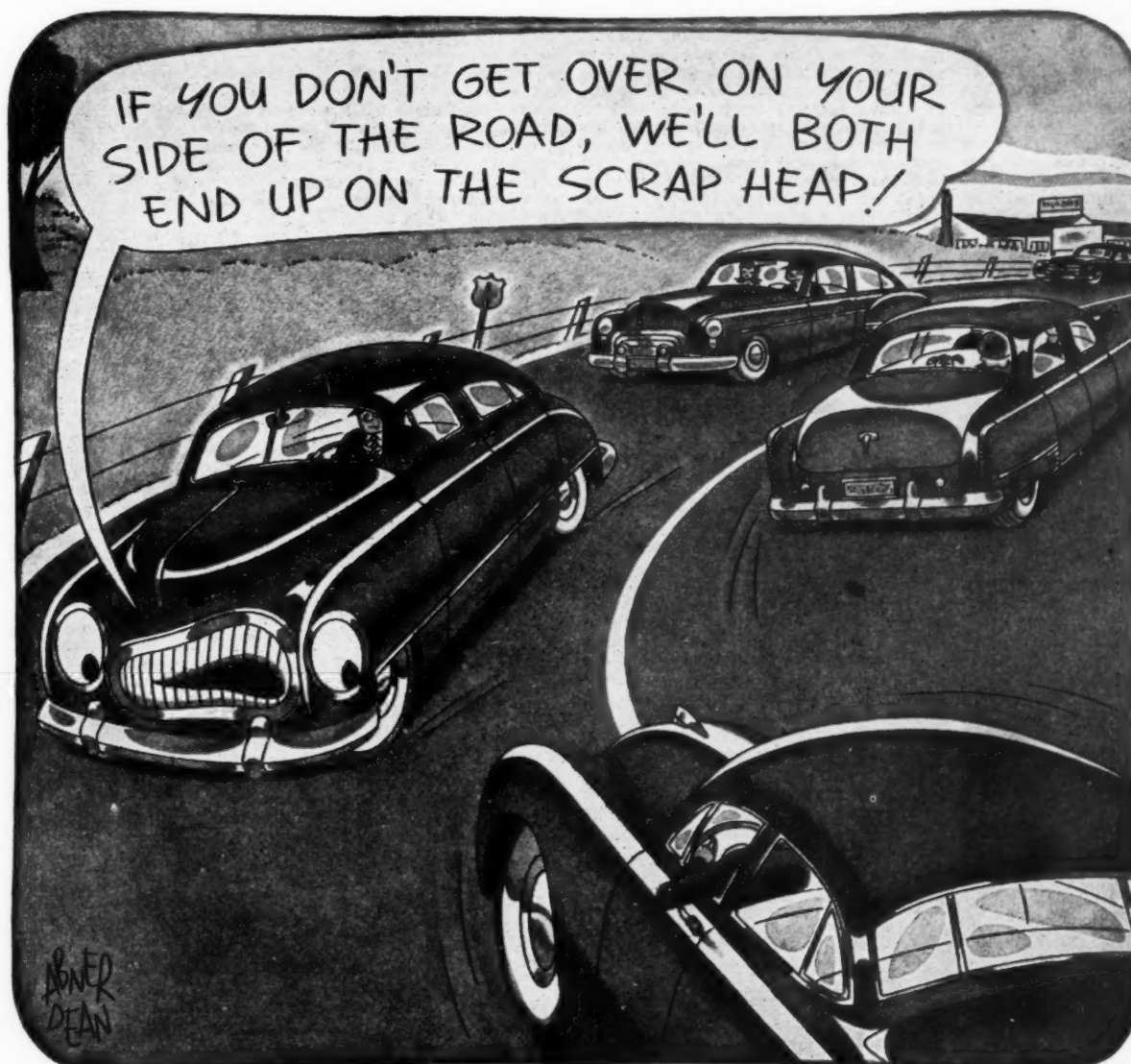
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A few months ago, the 1,000,000th American was killed by an automobile. A high proportion died from collisions between cars traveling in opposite directions. The moral is clear—STAY ON YOUR SIDE OF THE ROAD. Don't wait until the other fellow is in sight to pull over. If you are both going 50 miles an hour, the combined speed is 100. You may not have time to pull over.

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This advertisement also appears—in color—in **TIME, NEWSWEEK, PATHFINDER, U. S. NEWS and WORLD REPORT.**

Clinton L. Allen, President

FOUNDED IN 1819, the Aetna Insurance Company takes its name from the famous volcano, which "though surrounded by flame and smoke is itself never consumed." From that day to this—through wars, conflagrations and depressions—no policyholder has ever suffered loss because of failure of an Aetna Company to meet its obligations.



THINK FIRST OF THE AETNA

Rules For Improvements and Betterments Cover Clarified

An important change in the rules for betterments and improvements insurance was made effective in Indiana April 21, and will go into effect May 3 in Ohio. Similar changes will be put in force in other middle western states in the near future.

The new rules, and also a new improvements and betterments endorsement, clear up a number of ambiguities and unsatisfactory situations in connection with this coverage which have plagued underwriters and adjusters for many years. The new rules for the first time clearly restrict this coverage to lessees of buildings and define the improvements and betterments as "fixtures, alterations, installations or additions comprising a part of the described building and made at the expense of the insured lessee since the execution date of the insured's lease in effect as of the date of loss, but which are not legally subject to removal by the lessee."

This definition makes it clear that so-called "trade fixtures," are not improvements and betterments. By "trade fixtures" are meant items such as counters, showcases, etc., which are often installed by people renting store premises and which are frequently so fixed to the building as to become legally a part of it, but which are customarily removed when a tenant moves out and usually are required by the terms of the lease to be removed.

Improvements and betterments, in the strict sense of the word, include items such as store fronts, elaborate show windows, etc., which cannot be removed, but which are often installed at the expense of the tenant. The point of improvements and betterments insurance is that the tenant has no insurable interest in them as property, since they become the property of the landlord

as soon as they are affixed to the building, but he has an insurable interest in their use, since destruction by fire or other insurable peril would cause him to lose his investment in them for the remaining term of the lease.

Up to now, the rules on improvements and betterments have been pretty vague and expressions in forms covering them have been equally so. The new form spells out conditions of coverage along lines which ought to be equitable and fair to all parties concerned. It treats improvements and betterments under several different categories.

If the improvements and betterments are of a type which would have required restoration or replacement during the unexpired term of the lease—meaning those of limited economic or physical life, not expected to be of any value to anyone after the lease expires—the form provides that adjustment of loss shall be based on the actual cash value of the improvements, meaning replacement cost less depreciation.

Improvements of Continuing Value

In the more usual—and troublesome—case in which the improvements and betterments are expected to have value after expiration of the lease, the form provides that if the improvements are repaired or replaced at the expense of the insured lessee within a reasonable time, the basis of recovery shall be the amount actually and necessarily expended by the lessee for this work, limited to the replacement cost of identical improvements and betterments, without deduction for depreciation. There is the further exclusion of any additional cost because of the enforcement of state or municipal laws regulating construction or repair of buildings—such as zoning laws outlawing present construction.

If these improvements are not repaired or replaced by the lessee within a reasonable time after loss, the form provides that the insured's recovery shall be the proportion of the original cost of the damaged or destroyed improvements which the unexpired term of the lease at the time of loss bears to the unexpired term of the lease when the improvements and betterments were made. In other words, if the insured had a 10 year lease and the improvements installed at his expense are destroyed after five years and not replaced, recovery shall be half the original cost of the improvements to the insured. The same proportion would be the basis of recovery if the lease were for 12 years, but the improvements were not put in until two years after the tenant had taken over and the loss should occur five years later.

Must Be at Tenant's Expense

Finally—and important to many insurance people—the form provides that there shall be no liability on the part of the insurance company if the improvements and betterments are replaced at the expense of the landlord.

The question of double recovery has been a troublesome matter to insurance men for many years. Most underwriters and attorneys recognize that there are two distinct interests in situations such as this—the owner of the property having an interest in them as property, while the tenant has an insurable interest in their use. However, if the landlord actually replaces them, it seems clear that the tenant is suffering no loss of use.

Discussion of this subject was brought to a head in 1948 by the decision of the New York court of appeals in *Alexandra Restaurant, Inc. vs. New Hampshire Ins. Co.*, 79 NE (2d) 268. The restaurant, a tenant, was insured under a form which provided that, in case of loss, the insurance company would consider the insured as the sole and unconditional owner of the improvements.

(CONTINUED ON PAGE 20)

Banks Eye Effect of Installment, Bond Adequacy

NEW YORK—Banks now are discussing what to do about the new installment premium endorsements in view of the difficulties that arise with its use in connection with mortgage loans on which the bank accrues an escrow account for the payment of premiums. This was brought out at a meeting of Savings Bank Insurance Forum of New York State here. B. L. Van Buskirk of Dime Savings Bank, Brooklyn, raised the question, and in the discussion, it was acknowledged that the banks will have to deal with the endorsements from now on. There is no question of the possibility of a refusal to accept them, it was said.

Few banks have outlined a definite plan for handling insurance premium accruals on loans, but those that have done so intend to keep their accruals on a one year premium basis.

James B. Dunlaevy, Bank for Savings, chairman of the forum, emphasized the need of regularly studying bond limits to determine sufficiency in light of the larger exposures to which most banks have become liable in recent years.

Broke One Savings Bank

Fred Baker of Manhattan Savings Bank reported the case of a savings bank in New England which in 1930 suffered a \$3 million fidelity loss through investments in fictitious mortgages. There was no salvaging and the bank closed as a result of the defalcation with a 35% loss to depositors. The bank's assets had been \$12,978,000 and it had carried a \$50,000 bankers' blanket bond. It was emphasized that most large claims under the blanket bond have arisen in smaller institutions, indicating that any ideas of long standing as to wise basic limits might well be reviewed.

Mr. Baker called attention to a recent decision on the bank's right to fire insurance upon foreclosure. This was delivered by Justice Shientag of the supreme court of New York City in the *BX Corp. vs. Aetna Ins. Co.* The decision was that "on foreclosure the unearned premiums are the property of the mortgagor and not of the mortgagee."

At the May 8 meeting, the forum will discuss a proposed amendment to section 254 of the real property law dealing with disposition of fire loss proceeds.

The following slate of officers has been put forward by the nominating committee, for action at a later meeting: Chairman, John Danko, Central Savings Bank; vice-chairman, William F. Owens, Emmigrant Industrial Savings Bank; secretary, Gerard L. Pingerra, Lincoln Savings Bank, and treasurer, Alfred Kranen, Kings County Savings Bank.

Vincent at Monte Carlo Reviews Operations in U. S.

Louis A. Vincent, general manager of the National Board, who is on a European trip visiting insurance company officials in France, Italy, England and other countries, spoke at a meeting of French insurance officials at Monte Carlo this week, describing how capital stock fire insurance companies function in the U. S. He stressed the importance of free enterprise in the growth of American business, and pointed out to the French executives that there is no federal regulation of insurance in this country. Responsibility of regulation belongs to the states, and Mr. Vincent said "this pattern of regulation allows business a latitude for initiative and development to meet varying needs and conditions in different sections of the country." He told briefly the history of the National Board and explained its function in the fire insurance business.



The Insurance Agent

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Zone 3 Adopts Rules on Credit Cover

**N.A.I.C. Will Lengthen
June Meeting; Zone
5 Holds One a Year**

C. Lawrence Leggett, Missouri insurance superintendent, was elected chairman of zone 3 of N.A.I.C. at the convention at Panama City, Fla. There were approximately 250 persons present at the meeting attended by all the zone commissioners except Allen of Tennessee, chairman of zone 3, who is still ill. Commissioners from other zones present were Sullivan of Kansas, president of N.A.I.C., Life Commissioner Butler and Casualty Commissioner Smith of Texas, Bohlinger of New York and Murphy of South Carolina.

Sullivan stated that zone 5 has now decided to hold only one meeting a year. Murphy reported that the June meeting of N.A.I.C. will be extended one day for the commissioners only.

The final day of the meeting witnessed service by a U. S. marshal of papers in a suit by Bankers Life & Casualty of Chicago for \$30 million against Cravey of Georgia, Larson of Florida, Reserve Life of Dallas, and C. C. Bradley, its vice-president, George Washington Life of W. Va., Professional of Jacksonville, Fla., and American Security Life of Texas. The suit asks triple damages under the Sherman and Clayton anti-trust acts, charging the commissioners and companies with conspiracy in restraint of interstate trade with the purpose of destroying the plaintiff's business. A more complete description of this suit is carried elsewhere in this issue of THE NATIONAL UNDERWRITER.

The zone adopted a report of the subcommittee on rules and regulations governing the sales of credit life and credit A. & H. with deletion of four paragraphs along the lines suggested by Cecil Woods, president of Volunteer State Life. These rules limit the amount of credit life written to the original face amount of the specific contract of indebtedness in connection with which it is written. The rules also provide that the total indemnity provided under one or more policies of credit A. & H. shall not exceed the total amount to be repaid on the loan.

Wording of Deletion

Among the paragraphs deleted was one stating: "However, in the event the indebtedness is repayable in a term of less than 12 months and the original amount of such contract of indebtedness is \$100 or less, monthly indemnity under one or more policies of credit accident and health insurance may be written in an amount not to exceed the original amount of the contract of indebtedness."

Removal of this paragraph aroused opposition from Kirk A. Landon, Florida credit insurance general agent, and his associate, Harold L. Buck. Mr. Buck admitted that with larger loans it has been clearly established that life insurance in the amount of the indebtedness and disability insurance providing a monthly benefit of the amount of the monthly installment is fair and practical. He said, however, that when this formula is applied to the very small loans, it becomes apparent that the insurance protection is so limited in amount as to have no real economic benefit or value to the small borrower in time of illness or disabling accident. He said that after testing many formulas the one that seems both practical and workable was that embodied in the above-quoted paragraph which was eventually ruled out of report accepted by zone 3.

The suit instituted by Bankers L. & C. was the subject of a long executive meeting of the commissioners on the final day.

Mr. Bohlinger commented at some length on several services which could be rendered by the central office that would be recommended by the subcommittee on this subject at the June meeting in Chicago. It will be recommended that each department send a copy of all rulings to the central office and that the central office maintain an index of all rulings, industry briefs, etc. It will be suggested that the Chicago office retain copies of all speeches and provide adequate stenotype service.

Discussion of fire rating revisions, experience by claims and discussion of a multiple location service office was

postponed. The subject of an insurance expense exhibit was held over to the June meeting when the blanks committee will make a recommendation. The application fee charged by H. & A. Underwriters Conference insurers was considered in executive session.

The Georgia department placed the subject of safe driver rewards on the agenda and notice of opposition to this by both the stock and mutual agents groups in Florida was served.

Richard L. Starr, Florida deputy, discussed the difficulty of placing class 2 risks in the Miami area. He said the problem is particularly acute in Dade

county where the great percentage of Florida accidents occur, but that the assigned risk plan is generally working well.

Md. Imprint Law Repealed

The Maryland law which required all fire policies to be stamped or imprinted with the phrase, "Authorized to do business in the state of Maryland," has been repealed effective June 1. After that time it will no longer be necessary to stamp or imprint the policies in that manner.

"As Inland Marine GROWS.. do you?"

New opportunities to write Inland Marine business are always cropping up, and this fertile field is growing in many directions all the time.

In fact, Inland Marine premiums for 1951 reached another new high, finishing with 5% increase in net premiums countrywide of over \$270,000,000. This increase is on top of similar increases of 5% in 1950, and more than 10% in 1949.

Our Fieldmen are Inland Marine specialists, competent to provide worthwhile assistance in writing the various classes. Most important, our Inland Marine Department is sympathetic to the Agent's problems and many times is able to prepare a tailor-made form to fit his client's particular needs.

Our aggressive Inland Marine and Special Lines Department will gladly help you to develop business locally. Your fullest inquiries about and use of its specialized facilities for writing all classes, are invited.

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Grider, Retiring F.I.A. Western Head, Is Feted by 200

Harry L. Grider, who is retiring this week as western regional manager of Factory Insurance Association, was given a testimonial farewell dinner Tuesday at Chicago that was attended by approximately 200 stock company executives, prominent agents, insurance buyers and F.I.A. officials.

Frank D. Ross, general manager of F.I.A., who acted as master of ceremonies as six speakers characterized Mr. Grider as a man of sincerity, integrity and loyalty, noted that in the room were at least a dozen agents from out of town, and this demonstrated Mr. Grider's position in the business.

E. A. Henne, vice-president and



H. L. Grider

western manager of America Fore, who has been on the F.I.A. advisory board for more than 25 years, paid tribute to Mr. Grider's record and his ability. The personal effect Mr. Grider has had in the success of F.I.A. was stressed by Lyle Wiggers, insurance manager of Proctor & Gamble, who said that Mr. Grider's word on a rate or a condition never-once failed. Herbert Lorber, president of Rollins Burdick Hunter Co., spoke on behalf of the brokers.

Speaks Extemporaneously

John C. Harding, retired western manager and vice-president of Springfield F. & M., was asked to speak extemporaneously, Mr. Ross saying he was putting him to a test of his reputation of always being ready. Mr. Harding said he and Mr. Grider intend to retire to a Wisconsin sun porch and verbally take the hide off some of their agents.

A silver tray engraved with the signatures of 50 leading agents was presented Mr. Grider by George Carter of Detroit, who recalled that it was H. L. Newnan of his agency who got Mr. Grider started with F.I.A. Mr. Newnan was in the Indiana field for F.I.A. when he decided to join Mr. Carter. He was told to get a replacement for himself in Indiana, and after being turned down

on several of his prospects brought in Mr. Grider. The first reaction of the then manager, Donald Tripp, was that Mr. Grider was "too heavy on his feet," but Mr. Newnan insisted, and Mr. Grider got his start. Mr. Carter said Mr. Grider is one of the few men in insurance about whom it can be safely said are without an enemy in the business.

Waldon L. Sundstrom, the new western regional manager of F.I.A., read a tribute to Mr. Grider and presented him, for the organization, an antique desk.

In his response, Mr. Grider said he leaves F.I.A. in the hands of an alert and young management, mentioning that the regional managers are all in their forties.

All of the top management of F.I.A. was on hand, the group consisting of J. H. Germain, eastern regional manager; J. A. Wilson, Pacific manager; W. H. Forristall, assistant general manager, and H. W. Miller, Commercial Union, the secretary, and Mr. Ross.

Mr. Grider was with the Stone, Stafford & Stone agency of Indianapolis before going with the old Western Factory Association at Cleveland in 1918. For a time he was with the Evarts, Tremaine & Flicker Co. agency of Cleveland as vice-president, but he returned to F.I.A. as Cleveland manager. In 1933 he was transferred to Chicago as assistant manager, and he has been the manager there since 1938.

He is staying in Chicago for a luncheon honoring John Harding on Thursday, and then May 1 will motor to California.

America Fore Makes Kansas, Okla., Neb. Field Shifts

Arthur H. Cook, western Kansas special agent of America Fore at Wichita, has been transferred to eastern Kansas with headquarters at Kansas City, Mo. He succeeds Clarence W. Bean, who has been assigned to Oklahoma with headquarters at Oklahoma City. Succeeding Mr. Cook at Wichita is W. A. Davis, for the past two years western Nebraska special agent at McCook. Mr. Davis started with Kansas Inspection Bureau at Wichita before the late war and was taking the fire protection engineering course at Illinois Tech when he joined the air force. He returned to Kansas Inspection Bureau after the war.

Food Liabilities Analyzed in New Book by Dickerson

"Products Liability and the Food Consumer", by Reed Dickerson, attorney, provides an analytical guide for attorneys, claim men, and insurance companies in defective food products litigation.

Although primarily concerned with civil liability for defective products, the book offers a complete and up-to-date statement of the rules establishing the basis of liability. To assure clear understanding, the work has been organized so that rules are discussed in relation to each type of seller. Attention is also given to such special problems as trichinosis, and the "hypersensitive" plaintiff. All text statements are supported by a comprehensive collection of authorities from all jurisdictions.

This approach to food cases also provides a basis for solving questions of liability arising from other defective products, since as the book points out, the theories of recovery are often the same. Its basic usefulness in this connection is supplemented by a special appendix listing secondary authorities on general products liability.

Of particular interest to companies is the final chapter that discusses and analyzes such questions as geographical distribution of food claims; claim consciousness; problems of fraud, and products liability insurance.

The Lew F. Meyers agency at Dodge City, Kan., has been purchased by Ted Kerkhoff.

Progress Reported on Revised Term Rule and Discounts

June is considered pretty early for the business to come up with a revised term rule and discounts agreeable to a large share of the companies nationwide. It has been suggested that the fire people would unveil such a revised plan at the commissioners' June gathering.

However, some progress has been made and it may be that at the commissioners' meeting the insurance people will discuss what steps have been taken and set out some of the ideas that have been projected.

The goal is not alone a new term rule and discounts for the fire business, uniform countrywide, but that plus a reasonably uniform rule and discounts for both fire and casualty business. With multiple line underwriting as far along as it is, this makes a lot of sense to many in both fields. There is considerable optimism that this can be achieved, in time.

What has been talked about is applicability of the term rule to pretty much all fire business, at a discount of 10% for three-year business. The five-year term would be available, but the 12% discount suggested would not encourage the buying of five-year policies as a money-saving device. Under such a program, if it were adopted, it would probably be necessary, as many have pointed out, to reduce the one-year rate in order not to increase the three-year rate. So much fire business now is on the three-year basis that the one-year rate is largely a factor set up to determine the three-year rate anyway.

Favorable Casualty Attitude

The casualty business apparently would not oppose adaptation of its term business to this kind of schedule. Some lines are now 10% off for three years. On burglary the discount is 16 2/3%. The discount on theft endorsement for use with the fire policy was modified in order to tally with fire practice.

Certain casualty lines like automobile have always been written for one year and would continue to be. It is possible that the term rule may be withdrawn from the O. L. & T. line where the premium base is fixed and loss costs have been rising. A few companies have quit writing O. L. & T. for three years at a discount and are renewing business for one year at the annual rate, although the term rule still is in effect.

The idea the fire people have been working on contemplates a return to payment in advance. There would undoubtedly be less interest in premium payment plans such as installment and annual renewal at the lower discounts. Some casualty business has been sold with the privilege of installments, with a charge for the privilege, but even here it might be possible to secure a substantially similar approach.

It is believed that any plan will be recommended to rating organizations only after a generally favorable reception in all jurisdictions in the fire business, instead of the present one or two, has been assured and after the matter has been threshed out with the casualty people.

Connor Heads Baltimore Club

Casualty & Surety Club of Baltimore has elected George A. Connor, manager fidelity department of Fidelity & Deposit, president; R. N. Brown, Sr., Maryland Casualty, vice-president; R. G. Bauer, Jr., U. S. F. & G., secretary, and C. M. Snyder, New Amsterdam Casualty, treasurer.

Kenneth C. Bell, vice-president Chase National Bank, New York, is a member of the nominating committee for insurance of American Management Assn. The annual meeting is June 19-20, in New York City.

ON KNOWING EACH OTHER

There is a poem which starts with these lines

*"If I knew you and you knew me,
'Tis seldom we would disagree --"*

An insurance agent expressed well his idea of the value of acquaintance with company personnel by saying "It is important because it makes for better understanding between agent and company—because co-operation is more readily achieved by persons known to each other."

This supports one of our firm ideas, that friendliness is one of the best influences in business today. That is why the Commercial Union-Ocean Group prides itself in being a friendly organization where the agent and broker are always welcome to our helpful, constructive counsel about his problems. We are especially pleased when they can visit our office personally and we can come to know each other with the clasp of our hands.

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NAIA State Directors Propose Executive Committee Change

Stormy Denver Session Finally Gets Agreement on Commission Study

DENVER—The membership of National Assn. of Insurance Agents at the Cleveland convention in the fall will be asked to vote on a proposal to change the makeup of the executive committee. The National Board of State Directors at Denver, Tuesday of this week after lengthy debate and discussion, decided to sponsor such a change. The proposal was advanced in the form of a report of the practices committee headed by T. K. Robinson of Memphis. The proposal is that there shall be six members of the executive committee instead of five as at present. Three are to be elected by the board and then those three and the president and vice-president are to select three others. At the outset, the elected members will be selected one for a one-year term, one for a two-year term and one for a three-year span. The appointed members will be designated similarly. In the future if this proposal is approved by the membership, there will be one member elected each year and one member appointed each year. That, of course, means that the membership on the executive committee will be for a three-year period.

Attack Commission Problem

This action was taken at a session of the directors Tuesday afternoon. At the same session, again after lengthy debate and controversy, another chapter was written in the long N.A.I.A. history of dealing with the commission problem in general. It was finally decided that the duties and scope of the commission should be defined about as follows:

The commission committee shall study all phases of the commission situation. It shall report its findings to the National Board of State Directors. It shall not directly or indirectly take action which will have the effect of suggesting or agreeing to specific commissions in agents' contracts. Nothing in this statement shall prevent consultation on commission questions by the executive committee or the commission committee.

At the Tuesday afternoon sessions, Donald Sherwood, general counsel of National Board, got a big hand in outlining the catastrophe loss program of the companies and what the agents can do to expedite these situations.

Mr. Robinson in reporting for the practices committee said that more continuity on the board is desirable. The practices committee urges each state to keep a man on the board for a minimum of three years. Also a rapid change in the executive committee is undesirable.

Proposes Executive Change

When he outlined the proposal for the change in the executive committee, Kenneth Nehring of Tucson, reported the stand of the Far West Agents Conference which, in connection with any change, wanted a provision that each territorial conference shall be represented on the committee. This provoked extended debate and in the vote the practices committee report was adopted without the territorial provision. Those voting for the territorial restriction were the eight states in the Far West Agents Conference, plus Wyoming in the Rocky Mountain Conference.

Walter Sheldon of Chicago, vice-president of N.A.I.A., gave a report on

the activities of the commissioners, touching on matters in which the agents have a particular interest.

Melvin Miller of Fort Worth reported as N.A.I.A. representative on U. S. Chamber of Commerce.

R. M. L. Carson of Glens Falls delivered the report of the commission committee. The debate in this field was extremely tangled and the proposal that was finally adopted was one that was offered by the Oregon representative but even that was amended.

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The board of directors went into their final session Wednesday morning to discuss mainly the matter of automobile merit rating and other phases of the automobile problem.

The banquet Tuesday was an exceptionally attractive event and the entertainment was superb.

"Career" in Second Issue

The second issue of the annual, "Career," has been issued. It was started last year by college men interested in

getting to graduates and undergraduates brief and factual descriptions of various businesses, the kind of personnel they are looking for and descriptions of some of the principal job opportunities.

Insurers represented on the casualty side by presentations are Travelers and Allstate.

"Career" is published at 520 North Michigan avenue, Chicago.

The Harvey agency at Hopkinsville, Ky., will be merged May 1 with the Tom C. Jones agency there.

Our May national advertising calls attention to increased values and the need of more insurance to cover them.

Another testimonial ad features favorable and unsolicited comment from the medical profession on the calibre of America Fore insurance and service.



"MAÑANA"

Procrastination—"let's put it off until tomorrow"—is a dangerous habit, particularly when your insurance is involved.

Tomorrow may be too late!—So if you have not checked your insurance lately, to make sure it covers today's inflated values, don't wait another moment!

Call an America Fore insurance man today. He can tell you what coverage you need for proper protection against loss.



name of a nearby America Fore claims office, call Western for Operator 25.

Doctors LIKE AMERICA FORE INSURANCE!

...These excerpts from a few of the many unsolicited letters we receive tell you why:



HANDLED LAWSUIT EFFICIENTLY

"Please accept our sincere thanks for the courteous and efficient manner in which your firm handled the lawsuit and insurance in the case of ... It is indeed a pleasure to do business with a firm such as yours, and to know that in case of trouble our interests will be protected."

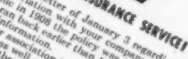
Physician—Minneapolis



AUTO DAMAGE CLAIM SETTLED IN 24 HOURS

"I thought you would be interested to know that the insurance company settled the claim for the damage to my car, in the amount of about \$400.00, within 24 hours of the submission of the bill. The car was brought home again so that it caused me very little inconvenience."

Physician—San Francisco, Calif.



50 YEARS OF GOOD INSURANCE SERVICE!

"For your letter of January 3 regarding the ... of our association with your company. When I first joined the ... in 1908 the policy was in force and I ... information on the policy was in force and I ... as well as most useful. We hope that ... another 50 years or more."

Clinic Official

... protection and service by ... man in your locality. ... for Operator 25.

During May, this advertising will appear in The Saturday Evening Post, Collier's, Time and Newsweek.

Tie-in posters, direct mail and newspaper mats will help America Fore agents capitalize on this advertising at the local level.

America Fore Insured is Well Insured

America Fore INSURANCE GROUP

N. Y. Mutual Agents Choose Frank Wigg

300 Attend Annual Rally; Lamb, Parson Named Vice-Presidents

Frank E. Wigg of White Plains was elected president of New York Mutual Agents Assn. at its annual meeting at Syracuse. Attendance exceeded 300.

The new 1st vice-president is Earl A. Lamb, New York City. John C. Parsons, Syracuse, is 2nd vice-president; J. Lewis DuMond, Cobleskill, secretary, and Norris H. Dann, Endicott, treasurer. Roderick L. Geer, Syracuse, is executive secretary.

Mr. Wigg said the association will soon make available to members a group errors and omissions plan. It also has plans under way to publish a house organ. Other new services to be made available soon are a safety film library and a business speaker service.

The meeting opened with a luncheon, addressed by U. S. Senator Irving M. Ives of New York. That afternoon Henry D. Bean, Haddonfield, N. J., vice-president of the National association, talked on "An Affirmative Approach to Compulsory Auto." He

pointed to shortcomings of the Massachusetts compulsory law, particularly stressing that there are many uninsured drivers in the state. He recommended that the industry attempt to close the uninsured gap by safety responsibility laws, broadening medical payments coverage to all members of the family in any auto accident, weekly indemnity and death benefit for breadwinner of the family, impoundment of uninsured vehicles if involved in an accident, and a company operated unsatisfied judgment fund.

George J. Schepens, manager of the New York automobile assigned risk plan, said the plan is severely short of help and currently is four working days behind. He said, though, that a risk should be assigned in 48 hours and coverage provided in one week. In regard to financing substantial premiums, Mr. Schepens noted that most companies will allow installment payments.

"200 Years of Mutual Insurance"

An address entitled "200 Years of Mutual Insurance" was presented by E. F. High, Columbus, O., president of the National association. He then introduced the new mutual film, "No Longer Worried."

The business sessions were continued Tuesday morning with "Four Ways to Make a Dollar," a session devoted to brief discussions by four outstanding member agents. Earl A. Lamb, of New

York City, discussed Errors and Omissions insurance and announced that a group E. & O. plan has been added to the association's growing list of services.

William H. Rodda, secretary of Transportation Insurance Rating Bureau, reviewed changes and new requirements in the field of inland marine. Mentioning that multiple line policies and broadened forms are displacing the old forms, he said there is a committee now working on an all-risk type coverage for mercantiles in general and that, in time, there will be one policy to cover all losses on dwellings including third party liability. He suggested that the householders protective floater was better adapted to the average householder than the P.P.F., because it is less expensive and does not contemplate full insurance to value. While the industry must provide the broadest possible coverage for the policyholder, he said it must not neglect those who desire limited coverage at lower costs.

Robert W. Moree, agency supervisor of Merchants Mutual Casualty, who discussed the 1951 casualty picture, said the casualty companies could not increase rates fast enough to keep up with inflation plus general public attitude, and that by 1960 the old age driver problem would be comparable to the young driver problem of today. Mr. Moree stated that eventually deductibles may be applied to all insurance so that broader coverage may be offered at lower cost.

Accounts receivable insurance was discussed by John C. Parsons, Syracuse, and Martin E. Schneider, Lumbermens Mutual Casualty. Harry C. Foster, research underwriter of Utica Mutual, talked on "The Importance of Comprehensive Liability Coverage," and D. T. Hawkins, assistant manager of Mutual Loss Research Bureau, on "Loss Adjustments Under Reporting Form Policies." Edward F. Curren, New York Cooperative Underwriters, was moderator of a panel discussion.

Cecil McGee Joins Local Agency at Kansas City

Cecil McGee, agency vice-president of Kansas City F. & M., has resigned to go into the local agency business associated with Ken Dubach & Co. of Kansas City.

Mr. McGee's insurance experience began in 1924 when he started with Missouri Audit Bureau. Later he was with Missouri Insurance Bureau before joining National Fire as Missouri special agent in 1936. He transferred to Kansas in 1940, becoming state agent, and in 1944 joined Kansas City F. & M. as Kansas state agent. He was elevated to field supervisor at Kansas City in 1946 and agency vice-president in 1948.



Cecil McGee

Celebrate 20th Anniversary

Marshall & Stevens are celebrating their 20th year in business in April. Employees of the Los Angeles office observed the occasion by giving a surprise party to Earl P. Marshall, founder and general manager. Mr. Marshall was presented a gift from the employees there and received many congratulatory telegrams.

Since their beginning in 1932, Marshall & Stevens have grown from a small one-office company in Los Angeles to a nationwide appraisal firm, with offices throughout the United States and Canada. The firm is well known in insurance circles.

Name Parker-Allston

Scottish Union & National and American Union have appointed Parker-Allston Associates advertising counsel.

Questions "Service" Credited to Agent

P. A. Brown, insurance department manager of the Tabour Co. of Minneapolis, after reading the editorial in the April 3 issue of THE NATIONAL UNDERWRITER entitled, "One More Agency Service," says he "cannot resist making a few observations."

In the case you cite the customer complained of an increase of some \$200 in his bill, and we are wondering whether the agent did not take some steps before delivering the policy, to endeavor to justify the increase in premium. We cannot visualize an alive insurance agent sending or delivering what would appear to be a sizable policy without first making some mention to the policyholder, where as much as a \$200 increase is involved. According to the story you set forth, we are strongly of the opinion that the agent seriously weakened his entire case right from the start in not stating that there had been a rate increase. Did not the insurance agent know there had been an increase, or if he did, what steps did he take to acquaint his client with the reasons for rate increases on auto insurance?

Lucky to Hold Business

It is our opinion that the agent in question was lucky to hold the business after getting a second chance to work on it. You state that on recalculation he was able to secure a little more credit on the fleet rate, and that in addition he developed a couple of other "gimmicks." Where would he have been if the policyholder, upon observing an increase of \$200 in premium had called in another insurance agent who knew there had been an increase in rates, but had nevertheless "shaped his pencil" and worked on the additional fleet credit before submitting the business to the client, and who also developed the use of the additional "gimmicks," rather than wait until the assured "hollered." It occurs to us that the agent referred to as originally writing the policy was immediately put on the defensive when the assured complained and when he found he was able to develop these additional credits which he did not offer his client "right off the bat."

"Real Service" Questioned

We have always felt with any piece of business, regardless of size, that the proper service the insurance agent can give is to completely review the cost of his product before submitting it to the client, and when he then does deliver the policy he can state with a straight face that he has given it his best thought and gotten the cost down to "bed rock" and the final minimum, all considering good standard insurance. We would be inclined to feel that if the client referred to in this story had proceeded to call in a competitor to his agent, and was able to secure the figure that his own agent finally quoted, that the original agent of record would not have only lost the business, but lost his reputation, and we cannot honestly feel that the "eleventh hour" effort made by the original agent qualifies as real insurance agency service. Certainly the insurance service which we, in the business, are offering to the public, contemplates giving them the very best we have to offer upon the first effort, and there should be no opportunity offered for the advantage to plead for a second effort to square himself on his original short-comings.

Opens Sacramento Office

Informative Research of Los Angeles has opened an office at Sacramento with Donald E. Kirk in charge. He has been assistant office manager at San Francisco, and with the organization for four years, starting at San Jose. This is the seventh office opened by Informative Research in the past six years.

This Agent was A "LIVE WIRE"



He was a top-voltage salesman, a dynamo of energy when it came to making calls. His high-powered approach electrified his prospects but didn't sell insurance. Then came the light! What his clients wanted were facts and information. They wanted horse-power, not high power.

Don't short-circuit your selling. Answering a client's queries is the key that sparks insurance sales. Agents and brokers everywhere are switching to Pearl American for prompt and accurate solutions to their problems. Batteries of well-grounded underwriters and fieldmen, a flexible company attitude, and fast service and information are always available to our agents. Pearl American's policy of complete cooperation can generate new business for you . . . keep old business alive. Join our high-frequency team and see.

PEARL AMERICAN

PEARL ASSURANCE COMPANY, LTD.
EUREKA SECURITY FIRE & MARINE INSURANCE CO.
MONARCH FIRE INSURANCE COMPANY

HOME OFFICE: 19 RECTOR ST., NEW YORK 6, N. Y.

CLEVELAND, 320 Bulkeley Bldg.
PHILADELPHIA, 436 Walnut Street
SAN FRANCISCO, 369 Pine Street

NEW YORK, 26 Cliff Street
CINCINNATI, 1423-24 Carew Tower
CHICAGO, 175 W. Jackson Blvd.

Examination Reveals New Rate Plan for R.R. Business

The New York insurance department has completed an examination of Railroad Insurance Rating Bureau, of which H. L. Wayne is general manager, and which has been operating since 1948. The bureau is used by the two underwriting groups, Railroad Insurance Assn. and Railway Underwriters.

The examiner's recommendations are being studied by the bureau and many are already reflected in the revised rating plan adopted last Oct. 4.

Among the recommendations made by examiner Eugene M. Gilmartin is one to treat operating properties of railroads as a separate class for rating purposes because of the nature and size of the business. The properties are spread in varying degrees in different territories and have numerous occupancy hazards. Some of the risks have as many as 25,000 or more properties,

The examiner points out that the only practical approach to the rating of this business is a broad averaging process. Such details as area, floor openings,

agent in the business to have a chance to go on record a little and that couple of years he would be wiser, upon reflection, upon insurance than an inexperienced agent.

Principal competitors of members of the bureau are Mutual Fire Marine & Inland and Transportation Mutual Fire, both of Pennsylvania, according to the report. In addition some business is placed in unauthorized insurers such as London Lloyds. According to the bureau, a number of risks have been lost to other markets since the bureau has been in operation.

Careful Buyers of Insurance

The report points out that railroads are careful buyers of insurance and presumably are able to look after their own best interests. Other leveling factors are competition and the ability of large risks to become self-insured with protection against catastrophe in unregulated foreign markets.

The bureau has been operating for a comparatively short time under the present rating plan. Consequently the examiner believes it is premature to judge the results of their rating activities to any great extent at present.

The bureau's revised rating plan calls for modification of basic rates from annual to three year, with three for 2½ term rules for writing three year business; filing of a rule on use of specific rates as a guide when available in rating crossotting plants under item H. Also filing of a set of factors to be considered in the rating of bill of lading liability (other than cotton in bales) under item N; filing of a range of monthly rates to be used in the rating of bill of lading (cotton in bales) under item N, and filing of a rule in regard to being guided by the specific tariff rates where available for piers.

The bureau amended its rating plan by setting up a separate class for piers under item Q. It filed a rule in regard to being guided by the prevailing rates in the territory involved for perils other than fire and lightning. Under judgment factor J it filed a rule setting up a maximum credit of 50% and a maximum debit of 100% for experience. It filed a rule indicating that after judgment factors have been applied from A to I the overall premium to be produced would be reviewed in relation to the past loss record and the percentage to be applied (within the maximum

set-up) determined for item I.

The examiner expressed belief that the wide range of cumulative judgment factors should be minimized by the development of item J into a more formalized method of experience rating with appropriate tables of credibility and pro-

visions for limitation of excess losses.

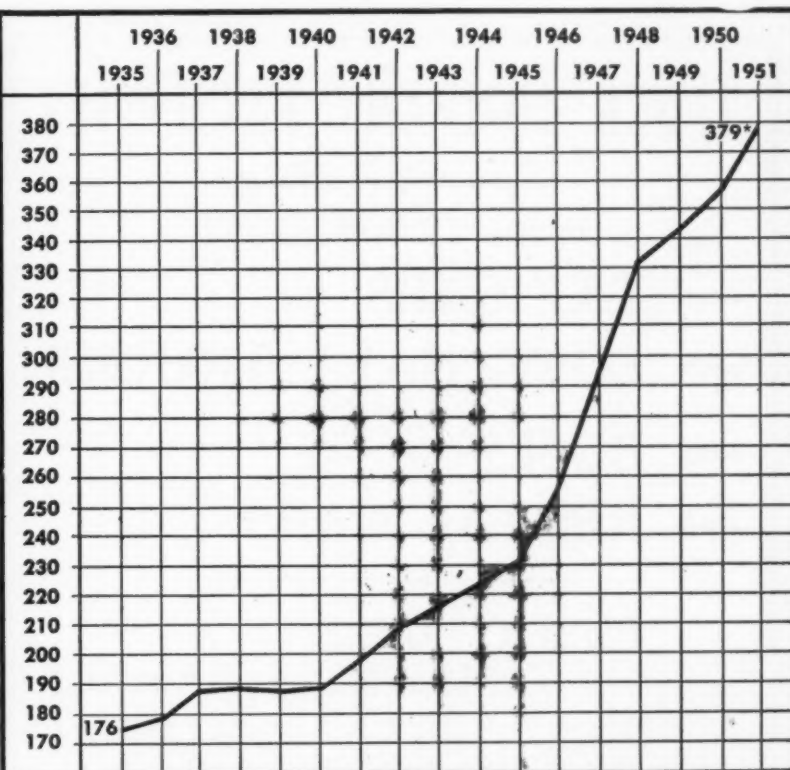
Judgment factors are applied for deductibles. The deductibles vary from risk to risk. One risk reviewed was given a credit of 15% for a loss limit of \$250,000 in excess of \$10,000; the same risk for a deductible of \$10,000 was tentatively given a credit of 50%. However, this risk was lost to other markets. In instances where a franchise clause of \$5,000 was used there was a 7½% credit; and in another case of a \$500 deductible there was a 2½% credit.

The fire policy with its endorsements

do not contain a coinsurance clause. It is understood that the bureau tries to maintain 75% insurance to value on frame and 50% on brick structures.

The bureau provides bill of lading liability under item N for coverage against perils of fire, lightning and extended coverage. These are specifically rated. The rating has proved to be troublesome because the hazard varies with the commodity and interest involved. The loss ratio of 1950 as reported to the department was 122.8% for this class. The coverage is on merchandise in transit.

**Your clients
should know
about this**



*July – Others annual averages

The chart above is a *Building Construction Cost Index* based on figures released by the Associated General Contractors and published by the United States Department of Commerce. The base year (which equals 100) is 1913.

Of course increases in construction costs vary by types of construction and by sections of the country. But the chart above is the overall picture. In fifteen years construction costs have increased an average of 112% — *more than doubled!* In ten years they have increased 91%, in five years 47%, and in three years 11%. This means that the great majority of property insurance policies you have in effect should be materially increased as they expire.

Agents of the Security and the Connecticut Indemnity are doing something about this. They have an Agency Sales Bulletin on this subject that gives not only this general Cost Index, but one on industrial construction and another on household furnishings. Complete plans are outlined for cashing in on the very real need for increased property insurance of all types. Included in this sales program is the folder shown below which includes both the general construction cost index and the household furnishings index.

The plan contains two suggested letters, one to send to home-owning clients on this vital subject of increased values, and the other for use before renewing household contents policies — PPF, or Fire, ECE and Burglary insurance.

If you would like to see samples of this up-to-date plan to increase premiums, simply complete and send the coupon below. Most insurance on real property should be increased by from 5% to 100% this year, and a great deal of the insurance on personal property should be increased, too. Proper consideration of this change in values may increase your property insurance premiums as much as 50% during the next year. Complete and send the coupon, now. No obligation, of course.

THE SECURITY CONNECTICUT
INSURANCE COMPANY OF NEW HAVEN INDEMNITY COMPANY

HOME OFFICES: NEW HAVEN, CONNECTICUT
Pacific Departments • 248 Battery Street • San Francisco 6, California



SECURITY-CONNECTICUT COMPANIES, Dept. 25-D New Haven, Connecticut

Please mail me, without cost or obligation, your plan for increasing property insurance to current values, including a new folder and your Agency Sales Bulletin giving construction and home furnishings cost charts, and sample letters to send to clients.

Name.....
(please print)

Agency.....

Street

City or Town State

Ohio Adopts Zone 4 Filing Procedure

Superintendent Robinson of Ohio has notified companies that the uniform filing procedure set up by zone 2 of N.A.I.C. is now in effect in his state and rules and regulations have been set forth. In line with this action, all casualty coverages, even if written by fire companies, are subject to the casualty rating law and must conform to the rules. In Ohio this is limited to motor vehicle property damage and

physical damage, burglary and glass, since there is no multiple line law in that state.

The procedure provides that all filings be presented in the following manner:

- A. Letter of Transmittal
Filings shall be accompanied by a letter of transmittal, in duplicate, which sets forth:
 1. The name of the organization or insurer making the filing over the signature of a person duly authorized to make such a filing.
 2. The manual or manual section, page number, and either rule number or class of rates of filing and if superseding pages previously filed, such fact should be noted with a statement indicating the difference from the previous filing.
 3. The proposed effective date and ap-

plicable rule. If this information cannot be determined at the time of the initial filing it shall be furnished as soon as possible.

4. When appropriate, a summary of the coverage contemplated.

5. All filings which are predicated on statistical data shall be accompanied by such information. Where a filing is not predicated on statistical data all pertinent information in support thereof shall accompany the filing. Statistics developed by other bureaus or companies will not necessarily constitute sufficient justification for adjustment of rates or departures from manual rates previously approved. Supporting information whenever available should consist of:

- (a) Available premium and loss experience based on the statistical plan used for the particular kind of insurance or subdivision thereof, pure premiums and/or similar pertinent data.
- (b) Any other relevant factors, including analogy to existing manual classifications or rates.

6. When manuals or manual pages published by a rating bureau are filed by a non-member or non-subscriber they shall be accompanied by a list of new or deleted exception pages, properly numbered. Such list and exception pages to be on manual size pages of a contrasting color, or type or properly prepared for insertion in the proper place in the manual. An explanation shall be submitted stating the reasons for the change from the manual page.

B. General Requirements
1. All filings applying to a kind or subdivision of a kind of insurance for which an insurer has authorized a rating bureau to file shall be submitted by that bureau and will not be accepted directly from such insurer except as provided for in the statutes. This rule applies to all filings including special filings, and other rates and rules which require special treatment.

2. Filings should not be made in duplicate, except duplicate cover letters, unless the filer desires a copy to be returned.

C. Special Ratings
1. (A) Rates. Those classes of risks for which manual classifications or rates do not generally exist in the industry, because of uncommon characteristics or insufficient volume of experience, shall be indicated expressly in filings by insertion of the symbol "(a)" in the phrase "refer to company," "submit for rating" or other phraseology clearly providing that such risk shall be submitted to the insurer for rating. Included in this category, for example, are filings permitting the submission for rating of coverage broader than that provided for by manual definitions of coverage as limited by applicable manual exclusions. All such classes of risks shall be established according to recognized underwriting standards and based upon objective factors reasonably demonstrating the need for such treatment.

Available guide (a) rates or (a) rate ranges or fixed formulae for such classes shall be filed. All rates for such classes shall conform to the standards established by law. Procedures of rating organizations and insurers in establishing such rates shall be subject to regular examination by the Commissioner as provided by applicable provisions of law.

2. Supplementary Procedures
Filings of supplementary rating procedures may be made to permit (1) the rating of unique and unusual conditions, or (2) the use of rates in excess of those provided by filings otherwise applicable. Individual state action on these filed supplementary procedures will determine whether individual ratings under such procedures shall be furnished to the Department.

3. All Others
Special ratings not contemplated by (a) ratings, or by the filed manuals, supplementary procedures and rating plans, shall be furnished to the Department. Nothing stated herein shall affect the provisions of the law relating to special filings for surety and guaranty bonds.

Honor Rating Bureau Vets

As part of a series of meetings inaugurating a 25-year club for the staff of Pacific Fire Rating Bureau, three veterans at Los Angeles and two at Phoenix, Ariz., were presented engraved wrist watches at a luncheon at Los Angeles. General Manager Al W. Gilbert and Fay H. Hawkins, assistant general manager and executive secretary, both of San Francisco, presided at the luncheon and made the presentations.

Wash. Convention Plans

Yakima County Insurance Assn., which will be host to the annual meeting of Washington Assn. of Insurance Agents Aug. 17-19, is making extensive plans for the meeting. Phil M. Phillips is general chairman.

Aug. 17 will be devoted to committee meetings and the business session of the trustees, executive committee and local association president. American-Asso-

ciated will be host at a cocktail party preceding dinner.

The general session will commence the morning of Aug. 18; with the past presidents' luncheon at noon. That afternoon there will be a meeting of the Washington field men. The banquet and installation of officers will be held the evening of Aug. 18.

The final general session is scheduled for Aug. 19, with adjournment planned for noon. The golf tournament will be held at Yakima Country Club. There will be special entertainment for ladies, and United Pacific will be host at a cocktail hour and buffet supper as a wind-up to the convention.

MacCuish Succeeded at 99 John by MacKenzie

Churchill MacCuish, manager of North America's building at 99 John street, New York city, is retiring, and is succeeded by James MacKenzie, who has been working under Mr. MacCuish's tutelage for 12 years.

Mr. MacCuish has had a distinguished career in the building field. He has been manager at 99 John since the building was completed in 1933, and he supervised its construction in toto, as he did the company's head office at 1600 Arch street, Philadelphia.

He has been in the construction field for almost 50 years, starting as a foreman in the reconstruction of San Francisco following the earthquake-fire as a young man. He was a personal friend of President Benjamin Rush of North America, who would authorize no construction without consultation with him. Over the years he has acted as consultant to construction engineers on various problems and frequently has advised with adjusting firms in estimating losses.

For many years he was superintendent of construction for Stone & Webster. One of the buildings the construction of which he supervised was that of National Life of Vermont at Montpelier. Others are the General Electric building in New York City and the Wall Street Journal building there. He was in charge of creating Davis Island off Tampa, Fla., which was fashioned by pumping up the bottom of the sea.

Mr. MacCuish, who will retire to Miami, was given a farewell party by employees and associates at 99 John. They presented him a television set. The head office of North America also gave him a party at Eagle Lodge country club near Philadelphia.

Reopen Saginaw Placement

SAGINAW, MICH.—Saginaw county board of supervisors has voted a reinvestigation of the method of placing county insurance, hitherto handled through Saginaw Assn. of Insurance Agents. A report by the bonds and insurance committee was reconsidered and a more complete report was asked, including whether it would be advantageous to "go into the open market" in quest of a more economical insurance arrangement.

Sprinkler Breach Charged

Contending that the sprinkler warranty clause was breached, fire insurance companies on the Peshastin Lumber & Box Co. loss at Peshastin, Wash., have denied liability. There is approximately \$400,000 insurance involved. The loss occurred late in 1951.

There were two sprinkler systems in the main mill building, which was destroyed. Both systems, which were under repair, were turned off the night the fire broke out.



C. MacCuish

STOCK COMPANY FACILITIES

Specializing
IN ALL COVERAGES FOR

- TAXICABS
- LONG HAUL TRUCKS
(ALL CLASSES)
- BUSES
- RENTAL CARS

PUBLIC LIABILITY &
PROPERTY DAMAGE
FIRE, THEFT AND COLLISION
CARGO

We invite your inquiry

STAUNTON, GLOVER & CO.

CHICAGO 4, ILLINOIS

175 W. Jackson Blvd.

HARRISON 7-5807

HIGHER PRICE LEVELS
REQUIRE MORE FIRE INSURANCE COVERAGE
Are Your Assureds Adequately Protected?

CONSULT US ON

APPRAISALS

Impartial Valuations

of

Industrial and Commercial

Property

Since 1910

Branches
in all
Principal
Cities



THE **LOYD-THOMAS CO.**

4411 RAVENSWOOD AVE., CHICAGO 40, ILL.

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State Association Managers Confer

About a dozen state association secretaries and managers held an informal session at Denver Sunday, incidental to the Rocky Mountain Territorial Conference and mid-year meeting of N.A.I.A. directors. Urban Krier of Wisconsin was in charge.

The threat of compulsory insurance engaged the especial attention of the group and many questions were asked of Ted Burke, the Massachusetts secretary, on this score since his state comprises the hideous example.

There was discussion of the unsatisfied judgment fund idea which comes to the fore now that New Jersey has enacted such a law.

Harry McClain of Indiana told of the safety activity in his state centering about the employment of a full time safety crusader by the agents association.

There was some consideration given to the matter of pensions for state managers.



Urban Krier

National Board Fire Safety Film Wins Top Award

"Tony Learns About Fire," the new school fire safety film sponsored by the National Board, has been selected as co-winner of the top honors among non-theatrical general films for 1951 in the annual contest sponsored by the National Committee on Films for Safety. "Tony" was produced by Southern Educational Film Production Service of the University of Georgia in consultation with the National Education Assn. It was filmed in Athens, Ga., under the technical supervision of a committee appointed by the N.E.A. and the National Board.

The picture describes a school-wide fire safety program that resulted from a small fire that touched the lives of several students. It shows in a documentary manner how fire safety education can be integrated into a grammar school curriculum in an interesting way.

Since its release to schools last December, the movie has been shown to an estimated total audience of 2,999,848.

The award, a bronze plaque, will be presented to President John R. Cooney of the National Board at the annual meeting of the board May 22 at New York.

Deny Motors Ohio Rehearing

COLUMBUS—The Ohio supreme court has refused a rehearing in the case of Motors Insurance Corp. against the Ohio department of insurance. The case will now be carried to the United States Supreme Court. The case involves the issuing of licenses to automobile dealers to write insurance. The department had refused to issue the licenses, under a new Ohio law upheld in the lower courts.

U.S.A.U. on Missing Plane

U. S. Aviation Underwriters has the coverages on Pan-American World Airways, whose \$1,500,000 double-decked stratocruiser bound from Buenos Aires to New York with 50 aboard was missing Tuesday somewhere in Brazil.

Hears Policyholders' Wants

More than 300 policyholders attended the first meeting of the policyholders' advisory committee of Ohio Farm Bureau companies. The policyholders

made several suggestions, ranging from bridal insurance to a program for world peace, and including one that the company add a "package plan" which would take care of the average family's basic needs for all types of insurance, property and life.

Jacquín to Central Ill.

Pearl-American group has appointed Elmer Jacquín special agent for central Illinois, assisting State Agent O. H. Sturgeon. Mr. Jacquín has been an underwriter in New York.

R. H. Osborne Is Elevated to Assistant Western Manager of National Fire

National Fire has promoted R. H. Osborne from agency superintendent to assistant manager in the western department.

Mr. Osborne, a fire protection engineering graduate of Armour Tech, was with Michigan Inspection Bureau and Western Actuarial Bureau before joining National Fire in 1945. He traveled

Indiana as special agent and later as state agent prior to becoming agency superintendent in the western department in 1950.

Mr. Osborne is vice-chairman of Western Conference of Special Risk Underwriters.

Insurance Women of Wichita have elected Neva Coble of Sheffer-Cunningham president, succeeding Emily Casford, Wheeler, Kelly, Haggy. Vice-presidents are Florence Stover, Harris, Burns & Co., and Betty Ritchie, Beezley, Outland & Foote; treasurer, Dorothy Elbrader, Dulaney, Johnston & Priest; secretary, Elsie Dinsmore, Employers' group.



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Judgment Overshadows Statistics as Rate Making Ingredient: Maurer

That the S.E.U.A. decision created an atmosphere of anxiety which stamped its mark on the rate regulatory laws passed in defense was cited by Irving J. Maurer, treasurer of Farmers Mutual Auto of Madison, at the regional meeting at Des Moines of the National Assn. of Independent Insurers.

It was Mr. Maurer's contention that in this emotional atmosphere, the industry may have anxiously shifted some of its responsibility for final judgment to supervisory authorities. Agreeing

that some degree of rate regulation is a legal necessity, he said that whether it will remain a state function depends largely on how well the insurance departments administer their laws. Almost overnight the departments have been thrust into a position of grave responsibilities to the public and it is unfair to expect them suddenly to be all-wise.

Mentioning that there is a misinterpretation gaining foothold, Mr. Maurer said that some insurance departments

are interpreting the law to mean that they are to be sole arbiters of insurance judgment. "With much unseasoned personnel not having the years of experience necessary to pass judgment in all areas, they seek reassurance in arithmetic," he said. "They are requesting from the industry volumes of statistical data, in the hope that somewhere in this maze they will find the assurance which only 'know-how' can give."

A Supplement, Not Substitute

Mr. Maurer said that filing of statistics for review is necessary to supplement judgment but when the mathematical formula is used as a substitute for, and to the exclusion of judgment, unavoidable conflicts arise. The exercise of judgment by the insurance departments, he opined, should include a recognition of the basic differences between companies, particularly the differences between bureau and non-bureau insurers. "Applying arbitrary and uniform standards of compliance for all companies creates rigidity, which stifles competition, prevents progress, endangers solvency and deprives the public of freedom of choice," he stated.

Several variable factors were listed by Mr. Maurer which he believes should be considered by insurance departments when they are dealing with individual companies. The present and past operating statement of the company should bear great weight when judging correctness of rates, he said. Variations in expense factors also must be considered. The system used by one insurer may differ from that used by another. As an example, he pointed to the field of independent companies where there are two major differences, the orthodox level premium company using retail methods and prices for both new and renewal policies, thereby establishing a single stable permissible loss ratio, and the unorthodox company employing membership fees, sales fees or unlevel premiums. The latter company uses retail methods and prices for new business and handles renewals through wholesale methods, at lower charges. The permissible loss ratio, therefore, differs on new and renewal business. Another factor to be considered is that rate categories may reflect selection judgment in a class mutual or reciprocal, as opposed to a general writing company.

Compliments "Old Fashioned" Way

Mr. Maurer complimented insurance department personnel who use good old-fashioned common sense in discharging their duties, referring specifically to those who keep regulation within bounds and "don't go in for dotting i's and crossing t's." They provide a refreshing contrast to those who tend to carry regulation to the point of interference and even make editorial comments, he added. Some probably interpret too literally their responsibilities under rate regulatory laws. Others lack practical experience and may not realize that there always will be changes and those who cannot or will not adjust to them are likely to be adversely affected.

Mr. Maurer described various theories on rate making and said he inclines to the belief that the only approach is the judgment technique. It is not until after classifications have been created and rates established that statistics can be gathered from actual experience, and even then they are merely controls on the judgment used. After statistics are gathered and formulas designed, he said, there is unfortunately a human inclination to assume that a substitute for informed judgment has been found. The world is a rapidly changing one, however, and it is not possible to train a mirror on the past to reflect the future accurately. He pointed to anomalies in the rating structures and said that equity is not built into the structure but is intended to lie in the fairness of application.

For years casualty rating bureaus used a five-year average upon which to base "formula pure premium," Mr. Maurer said. Though later revised to three

years, this was found not responsive enough to meet present fluctuating conditions and further sensitivity was applied by charting trends. The trend factor, he said, is 99% judgment.

The success of the industry in keeping pace with society is measured by the informed judgment employed in adjusting to changing conditions, according to Mr. Maurer. "There must be a constant awareness of progress and a willingness to make corresponding adjustments as soon as the need becomes evident," he said. "The public is boss—the legislatures, insurance departments and insurance companies must recognize this fact."

"Remove informed judgment and the entire insurance structure collapses. It takes judgment to make rates, run companies and supervise the industry. The cohesive force which binds together the industry is informed judgment. Statistics are merely the form; judgment is the substance."

Some interpret good judgment as a process of avoiding conflict within the industry at all costs, Mr. Maurer observed. "These are the companies addicted to status quo," he went on. "They are resistant to change, and are blinded by fear of the unknown. They have a passion for uniformity and are comforted by collectiveness. That is the path of socialism and mediocrity, and will result in legislatures doing our thinking for us."

Oslo Insurance Men in U.S. to Study Techniques

Four executives of Storebrand, the parent insurance company of Christiania General, Oslo, Norway, are in the United States. They are Per M. Hansson, managing director, who is making his annual pilgrimage. He visited Montreal, Ottawa, Toronto, Calgary and Vancouver. At the latter place he was joined by Arne Fougner, U. S. manager of Christiania General, and the two flew to Los Angeles and then to Mexico City for a week. After another week in New York he will fly back to Oslo May 2.

Accompanying him will be Stein Bergh-Jacobsen, financial secretary of Storebrand, who has been here several weeks to study investment problems and investment management of insurers. He has been particularly interested in checking mechanical handling of investment portfolios as well as opinions of investment men.

Hjalmar Sugelli, executive vice-president, is here to study aspects of American insurance production, underwriting and management. In production he is especially interested in training, both inside and outside employees, field men and agents; in underwriting, forms and conditions of coverages not known widely abroad. He will return to Oslo late in May. He visited the U. S. last about 20 years ago.

Ole Graff, manager of the systems and methods department is visiting various insurance centers to study office management techniques and equipment as well as training and educational courses in this field. He will attend the National Office Management Assn. in San Francisco, returning to Oslo in July.

Travelers Welcomes at Evanston

Travelers held open house Monday in its new Evanston, Ill., branch which replaces the old north side Chicago office.

Besides offering more space, it is expected that the new office will enable the company to better serve agents and brokers because of the increased importance of the new location as a business center. The new quarters have been completely remodeled, with fluorescent lighting throughout, and new office furnishings installed.

Robert W. Jackson, director of public relations of National Automobile Club, is conducting safety assemblies at the Inyokan naval ordnance test station in California this week.

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Panels Texas

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Panels to Feature Texas Convention

DALLAS—Two panel discussions feature the program for the annual meeting of Texas Assn. of Insurance Agents here May 15-17, with advance registrations indicating a new attendance record.

John A. North, president of Phoenix of Hartford, will speak on "The Road Ahead" and Ben H. Wooten, president of First National Bank and of Dallas Chamber of Commerce, on "The Boss." Louie E. Throgmorton, vice-president Republic National Life, will wind up the convention with a talk, "Of Thee I Sing."

Travis D. Bailey, San Antonio, association president, will give his formal address at the opening session May 16 and his administrative report at the executive meeting for members only. Garland A. Smith, new casualty commissioner, will be introduced.

The first panel, at the May 16 afternoon session, will explore "Automobile Insurance," including the new rates and rules, the safety-responsibility law and the assigned risk plan. Members of the panel are Willis McVey, Texas department; Paul Benbrook, southwestern manager National Bureau of Casualty Underwriters; Tom R. Chatfield, chairman, and Raymond Hulsey, manager Texas Automobile Insurance Service Office, and Raymond B. Moses, Houston manager of Travelers, who is chairman of the appeals committee of the assigned risk plan.

The second panel, at the final session May 17, will be a forum on "The Policies of the Future" with C.P.C.U.s taking part: Hal A. Gullede, Dallas agent, as moderator; C. M. Patrick, Dallas agent, "The Situation Outside Texas;" William F. Seitz, vice-president Houston Fire & Casualty, "The Situation in Texas;" Fred A. Rhodes, Jr., Houston agent, "What Do Texas Agents Want?" and Gerald A. Myers, W. A. Alexander & Co., Chicago, "The Policies of Tomorrow."

Preceding the convention officers of local associations will hold their annual conference, with T. A. Gose, president of the Wichita Falls Exchange, presid-

ing. Discussion leaders will be Bert Agan, Corpus Christi, on local advertising programs; Francis F. Ludolph, San Antonio, handling insurance on federal housing projects; John W. Daniel, Houston, "Membership Eligibility;" A. C. Sanders, Jr., Lubbock, on the self-employment tax applying to agents, and Drex G. Foreman, executive secretary of the Texas association, on its fight against licensing automobile dealers as agents and the appointment of a deputy attorney-in-fact by Lloyds organizations.

The entertainment program includes a dinner for local association officers, given by Texas Assn. of Managing General Agents the evening of May 15; the banquet May 16, and a number of special events for the ladies.

Michigan Mutual Agents' Program Plans Completed

Program plans have been completed for the spring meeting of Mutual Insurance Agents of Michigan sponsored by the 1752 Club at Grand Rapids May 7-8.

Roger L. Sullivan, president of the agents' group, will serve as chairman of the first day's session, and George C. Bubolz, secretary of the 1752 Club, the second day.

Featuring the opening session will be a talk on "Is Compulsory Insurance the Answer?" by H. F. Holscher, counsel State Auto Mutual, Columbus, O. Walter Eaton, executive secretary Michigan inter-industry highway safety committee, will discuss that group's activities in the afternoon, with Norman Trebilcock, 1752 vice-president, as chairman for a panel discussion on these topics: "Agents Acting as Lawyers," Robert Crawford, Ann Arbor; "Collections and Rules for Credit," Carl Collett, Detroit; "Self-Education," William Senf, Muskegon Heights, and "What I Am Doing to Reduce Agency Costs," John Keyser, Kalamazoo. William Seaks, Grand Rapids, will talk on the mutual agents' association.

Wayne Burkam will conduct a question and answer forum the second morning, picking agents from the audience as participants. Another panel discussion is planned: "Social Security as Affecting the Local Agent," Harold Anderson, Reed City; "Competition from Direct Writers," Charles Venema, Kalamazoo, and "Training of Office Help," Charles White, Fremont.

Bruce Davis of the 1752 Club executive committee will preside the closing afternoon when Darlyle Watters, licensing director Michigan department, will talk on licensing problems, and Laurence D. Smith, Grand Rapids attorney, will discuss "Growing Problems Under the 'Interest' Fire Policy."

N. H. Women Hear Harvey

Lester S. Harvey, president of New Hampshire Fire, discussed extended coverage at the Hillsboro county dinner of New Hampshire Insurance Women's League at Nashua.

A safety film, "Fatal Seconds," was shown through courtesy of Mountain Field Club. Secretary Lloyd Greer of New Hampshire Assn. of Insurance Agents asked the aid of the league in presenting a fashion show as afternoon entertainment at the agents' forthcoming annual meeting.

A comedy depicting a routine morning in an insurance agent's office was presented. In the cast of "Ho Hum" were: Mary Mason, Mason agency, Nashua; Richard G. Vedeler, Springfield special agent, and George L. Cady, Jr., North British special agent.

New Ariz. Adjustment Office

Arizona Adjustment Agency has opened a new branch at Yuma with R. C. Jester as manager. Mr. Jester has been manager of the firm's Flagstaff office and he is succeeded in that position by Roy C. Watson.

The agency also has offices at Tucson and Phoenix.



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North America No Longer Inland Bureau Member; Now Subscriber in Certain Lines

North America this week withdrew as a member of Inland Marine Insurance Bureau, and now is a subscriber for certain lines under the bureau's jurisdiction. It is understood that all North America will subscribe to are: Bridges and tunnels, rolling stock, burriers, customers' policy, negative films, registered mail and first class mail.

Work Out Schedule on \$120 Million L. A. School Line

LOS ANGELES — The insurance committee of the Los Angeles board of education has considered the seven proposals for writing the \$120 million fire and E.C. coverage on properties of the school district and has arrived at a combination of companies that it will recommend to the full board for adoption May 1. It will, according to S. C. Joiner, deputy insurance manager for the board, effect a saving of \$147,000 during the five-year period. The insurance is for

one-fifth of the entire line. This proportion being renewable each year. The combination of bids proposed is: 35% to Liberty Mutual at a 10% deviation from the Pacific Fire Rating Bureau rate of 53.5 cents, plus an anticipated dividend of 25%; 35% to Centennial at a rate of 38 cents, and 30% to Federal with a deductible of \$50,000 and at a rate of 16.4 cents.

In a separate bidding on the warehouse line involving coverage of \$2,250,000 on contents, with a reporting form, five companies are recommended at 20% off P.F.R.B. rates. They are Oregon Mutual, Tri-State Mutual, Implement Dealers & Manufacturers Mutual, one California mutual and one stock company, General of Fort Worth.

Md. Agents' Annual June 18

Maryland Assn. of Insurance Agents has scheduled its annual meeting for the George Washington hotel, Ocean City, June 18-20.

H. R. McGehe, local agent at Wichita for several years, has sold his agency to Harold Pease. Mr. McGehe will continue as a solicitor for the agency, which will operate as McGehe-Pease.

National Board Names Carden as Assistant General Adjuster

The National Board has appointed B. P. L. Carden as assistant general adjuster. Mr. Carden for nearly seven years has been manager for General Adjustment Bureau at Buffalo, and prior to that was for many years with Travelers Fire there.

Cites Dangers in Inventory Valuation for B.I. Cover

Errors in inventory valuation for purposes of business interruption insurance were discussed at the April meeting of District of Columbia Assn. of Insurance Agents by Frank S. Glendenning, Philadelphia accountant.

He mentioned that often an insurance manager will call his company's accounting department and ask for an inventory on a certain plant as of a certain day. He gets a report of one figure, for example, \$1,235,013, and Mr. Glendenning said this very likely pertains only to raw materials, stock-in-process and finished goods. The insurance manager may think that this includes factory supplies, packing supplies, fuel, tools and dies, advertising material, stationery, etc. "If the insurance manager believes the reported dollars covered furniture, fixtures, jigs, plates, engravings, drawings, machinery, then he and the accountant have had no meeting of the minds whatsoever," Mr. Glendenning added.

There are other such problems and Mr. Glendenning asked whether the accountant might have considered finished goods at cost or at the selling price mentioned in existing policies. Has anyone remembered merchandise of others which may be on the insured premises at the reporting date? In other words, there is a danger when acquiring the policy on an inventory of not being sure what the inventory includes.

Smith, Midgett Elected U. S. Chamber Directors

WASHINGTON — U. S. Chamber of Commerce reelected Chase M. Smith, general counsel Lumbermens Mutual Casualty, as director representing insurance and elected Lorimer W. Midgett, local agent of Elizabeth City, N. C., as director representing the third district.

Want Fuller Harbor Patrol

LOS ANGELES — As a result of a tour of Los Angeles harbor, the harbor committee of Marine Underwriters of Southern California has recommended to the harbor department and the Los Angeles police department that patrol boats be operated all night. Many places were found unguarded where a watchman was supposed to be posted.

John J. Donahue of John J. Donahue & Associates, appraisal firm, spoke at the April luncheon on the relations of the assured, the agent or broker and the underwriter in connection with appraisals made for the purpose of securing proper insurance values under personal property coverages.

Plan Institute at U. of R. I.

The extension division of University of Rhode Island will offer a six week course in insurance from July 7 through Aug. 15, covering all forms of fire, marine, casualty and surety. The students must be agents or company employees, or must contemplate entering the business. Classes will be all day five days a week with an instruction fee of \$70. George E. Lonergan, superintendent of education of Employers group, will be the instructor. The course has been approved by the New York department as qualifying candidates for brokers and agents licenses without taking the New York state examination. Before announcing the course, studies

were made of the programs conducted formerly at Syracuse university and the training programs in effect at Aetna Casualty and Travelers' home offices.

American Mutual Alliance Phila. Conference Program

The program for American Mutual Alliance insurance conference at Philadelphia June 5-7, includes lectures and panel discussions on such topics as: "200 Years of Mutual Insurance," "The Garage Liability Policy," "The All-Risk Dwelling Endorsement," "Contractor's Coverages," "Products Liability Insurance," "The Concept of Bailee and the Bailee Coverages," "Fire Legal Liability," "Judging the Fire Risk," "Group Insurance," a communications clinic and a sales lecture.

Speakers include J. C. O'Connor of the National Underwriter Co.; Joseph P. Craugh, Utica Mutual; Geoffrey Christian, Northwestern Mutual Fire; W. H. Rodda, Transportation Insurance Rating Bureau; Ashley St. Clair, Liberty Mutual; R. D. McDaniel, Grain Dealers Mutual; J. E. Helligren, Lumbermens Mutual Casualty; Harry C. Foster, Utica Mutual; Herbert E. Clarkson, Jr., of Northwestern University and Frank H. Beach of University of Illinois.

Court Affirms 1951 Auto Rate Increase in Fla.

The order of Commissioner Larson of Florida authorizing an average increase in automobile insurance rates of 20.2% for all types of cars combined, has been upheld by the circuit court of Leon county in dismissing the petition of Will O. Murrell, of Jacksonville, for a writ of certiorari. The order approving the increase went into effect July 16 last year, and the commissioner said an investigation of the matter was continuing.

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Company-Agent Conference Stressed

(CONTINUED FROM PAGE 1)

he said, is being overhauled to make it more representative.

Mr. Ashton's verbal assault on W.A.B. has now become legendary and the Denver tilt was simply another installment.

"I am completely convinced that a group of company executives and agents, meeting alone, without bureau personnel, could do more good in one week than has been accomplished in years, if those persons were given authority to act," he said.

Bureau management, he went on, "through intimidation and their assumed ability to depress with fear insist that you and I and the insuring public continue now and forever more, to live with antiquated, obsolete, old fashioned, ancient, out-worn octogenarian rules, forms, policies and what have you."

Pro-Rata Clause

"At the meeting last summer in Chicago, between the midwest conference committee and Western Actuarial Bureau and company executives, the subject of the pro-rata clause in blanket forms was discussed. Apparently, we were the only territory requiring the pro-rata clause on blanket forms written with the 90% coinsurance clause. On such blanket forms, the insured is already penalized rate-wise, since credit is only given for the 80% coinsurance clause. Actually, with the pro-rata distribution clause in the form, with 90% insurance to value, the assured has nothing more than specific insurance at a rate penalty. Our answer from the W.A.B. was that the pro-rata clause had been in use in midwest territory for 75 years or so, was historical in fact as well as fiction, and the agents just couldn't expect them to change something of such long standing.

"What about such clauses as the automatic sprinkler clause and the watchman's clause? Both are rating matters only. Neither clause should be a part of the policy contract.

"In our rating system, credit is given for various things which do not become a warranty in policy forms. We don't have warranties in our forms reading: 'This policy being written at a rate based on the proper working condition of fire doors, it is a condition of this policy that, etc., etc.' or

"This policy being written at a rate contemplating a proper complement of fire extinguishers, it is a condition of this policy that, etc., etc."

Reduction in Size

"The forms we are obliged to use for fire policies could easily be reduced in size and be just as effective, and be more easily understood. Instead of the forms becoming shorter, they are longer, and agents have to build special files to keep them in. Rule books could be reduced in size and more understandable.

"I am told that the forms committee of the Insurance Executives Assn. are not permitted to issue an interpretative bulletin of their intent of the form or forms. That results in misinterpretation and confusion. I sincerely believe if I were a commissioner of insurance, I would demand the filing agency be required to file memoranda of the intent of every form, and to make interpretations from time to time as conditions warrant.

"There must be no side agreements for personal gain in these discussions. These industry discussions are not trading posts. The final conclusions should at all times be free of confusion, clear in their definitions, nothing hidden or concealed.

"It may be that once those committees meet, they should be locked up like a jury during their deliberations to eliminate the possibility of outside sinister influence.

"The greatest stumbling block in the path of most men usually is not laziness or fear but a tight-skirted, low-necked, sultry-voiced, diamond-decked, perfume-scented vamp called 'tomorrow.'"

One of the interesting observations of another speaker — Louis E. Woodbury of Wilmington, N. C., representing the S.E.U.A. conference — was that the public hearings that are held in North Carolina on rate filings, in conformity with an amendment to the all-industry bill in that state, are the "finest thing that ever happened." This gives the agents and the public an opportunity to appear before any change is made. As a result, he declared, the public relations situation has never been better than it is. Kentucky has just enacted a similar public hearing law.

Mr. Woodbury predicted that when Insurance Executives Assn. gets in full steam, changes are going to be more rapid.

Mr. Woodbury was somewhat critical of the insurance companies for operating so conservatively as to produce overall a lack of capacity in certain fields and a shrinking of the market for hard risks. On the other hand, he felt the public expects the insurance companies to swallow medicine that would not be tolerated in other enterprises. For instance, with reference to assigned risk

plans, he asked how long finance companies would stay hitched for being compelled to give credit to dead beats.

Charles W. Schoelzel of Denver told of how the conference idea is shaping up in the mountain field. He advanced the idea that on wind and hail insurance a rating system might be introduced to lower the rate for amounts of insurance above the first \$1,000. This, in sympathy with the fact that the burden of such losses falls within the \$1,000 bracket.

Coast Conference Procedure Told

Ralph Callister of Salt Lake City explained the elaborate conference procedure that has been developed on the coast, dealing not only with Pacific Board but with National Bureau of Casualty Underwriters and N.A.U.A. He expressed confidence that the agents will soon get satisfaction on their plank that an occasional retail delivery won't invalidate in its entirety a policy on jeeps and station wagons.

Morton V. V. White of Allentown, Pa., told about the results in the east. He said he is very happy with the accomplishments and that "we have come a long way." One suggestion that he offered was to avoid changing the personnel of the committee too often.

Foster L. Fritchie of Colorado Springs, chairman of R.M.T.C., presided

at this session and Mayor Newton of Denver extended the greetings.

Monday afternoon was turned over to the board of state directors with President J. F. Van Vechton presiding. He appointed a committee on statements consisting of Charles Frankenbach, Westfield, N. J., chairman; Philip E. Jesker of Des Moines, and Ralph Callister of Salt Lake City.

Reginald Price of Charlotte, N. C., for the accident prevention committee, said shortly there will be announced a plan for an eight-hour refresher course for adult drivers, with the aim to improve the knowledge and attitudes of the grownups. The program is being tested in two New Jersey localities under the sponsorship of the local boards of Essex and Bergen counties. Mr. Price read a letter reporting "tremendous" interest in this in Essex county. This, he predicted, will give the agents a fine opportunity to do effective work in their communities.

There was extensive discussion on the question of whether to reactivate the rural and small town agents committee. This was amalgamated in the property insurance committee in line with the recommendations of the practices committee. The upshot was to name as a committee to bring in a statement of

(CONTINUED ON PAGE 34)



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NEWS OF FIELD MEN

Several Field Appointments Are Made by Aetna Fire

Several field appointments have been announced by Aetna Fire. James C. McKinley becomes special agent in Colorado, Roy E. Barker in Tennessee, and J. O. Greenawalt in Iowa. In addition, W. E. MacDonald has been named farm special agent in Ohio and Gilbert F. Jones has been reappointed Tennessee special agent after having been released from active duty with the marine corps.

Mr. McKinley, who will have headquarters at Denver, recently completed several months of special training in the home office. Before that he was with the western department. Mr. Barker also has had experience in both the western department and home office. He will have his headquarters at Nashville.

Mr. MacDonald has completed several months of farm training in the western department. He will have his office at Columbus. Mr. Greenawalt replaces

Bernie Jacobs who is being transferred to St. Louis as special agent. Mr. Greenawalt has about two years of farm experience with the western department. His headquarters will be at Des Moines.

Fuldner Heads Conn. Slate

Henry Fuldner, North America, Hartford, has been nominated for president of Connecticut Field Club. The annual meeting will be held May 5 at Hartford. Other nominees are: Lewis A. Geis, Commercial Union, vice-president; Henry Ohliger, Home, treasurer; and Horace P. Andersen, Home, secretary.

At the annual meeting Frank Madden of the Hartford office of national production authority will discuss production shortages.

Beale Feted at Chicago

Charles L. Beale, most loyal grand gander of Blue Goose, was entertained at a dinner by the officers of the Illinois pond at Chicago Monday. Mr. Beale is on a tour in the middle west, in the

course of which he will visit 13 ponds. He plans to have attended meetings at all but two of the ponds in the U. S. and Canada before the grand nest convention at Dallas in August.

Sukow to Kansas City as Travelers Fire Manager

Walter W. Sukow, formerly of Jacksonville, Fla., has been named manager of Travelers Fire at Kansas City for Kansas and Missouri. He succeeds Howard F. Hansen, who goes to the home office as a junior executive.

Mr. Sukow joined Travelers in 1926 as manager at Milwaukee. In 1930 he was appointed manager at Des Moines, but returned to Milwaukee in 1934 and was transferred from there to Jacksonville in 1941.



W. W. Sukow

Croll to Gulf in No. Ohio

Kenneth H. Croll, Toledo, has joined Gulf of Dallas as state agent, and will service northern Ohio.

Give Talks in Texas Towns

Representing Alamo Field Club of San Antonio, Sidney Briggs, Harold McAllister, Phoenix of Hartford; L. W. Bohlen, Commercial Standard, and William C. Lawrence, Home, have been giving talks and showing films at various Texas cities in the club's territory.

New Texas Puddle Formed

Alamo Blue Goose at a meeting at San Antonio heard a report on the organization of the Magic Valley puddle at Harlingen, Tex. The officers elected are C. L. Purdy, Harlingen, big toad; Tom Keltner, polliwog; Charles Anglin, croaker; Lynn Boyd, bouncer.

The annual outing of the Alamo pond will be held at Seguin, Tex., May 19.

Speakers to Hear Middaugh

Frank Middaugh, superintendent of schedules of Ohio Inspection Bureau, will address Stock Fire Insurance Speakers Assn. at Columbus May 3. He will tell about the new rules and forms.

Talbott to General in Kan.

Leon S. Talbott, Wichita special agent of National Union for several years with time out for military service, has been named Kansas state agent for General of Seattle with headquarters at Wichita. He started with the audit department of Kansas Inspection Bureau at Topeka.

Deyo Indiana Speaker

E. C. Deyo of the Marshall & Stevens appraisal firm of Chicago will speak at the May 19 meeting of Indiana Fire Underwriters Assn. at Indianapolis.

McConathy Fire Waste Chief

Joe N. McConathy, special agent of Home at Wichita, has been named Kansas district chairman of National Fire Waste Council. He is naming local "contact men" and will report his complete organization at the annual meeting of Kansas Fire Prevention Assn. at Wichita May 15.

To Move to East Orange

National Union's Newark office will move soon to a one-story brick colonial building now under construction at East Orange.

Hastings, Mich., Inspected

The inspection of Hastings Tuesday by Michigan Fire Prevention Assn. high-

lighted the annual clean-up campaign sponsored by the Junior and Senior Chambers of Commerce. Rotary, Kiwanis and Lions Clubs sponsored a joint luncheon at which Samuel Gray, New York Underwriters, Grand Rapids, a past president of the association, spoke and showed fire prevention film. Boy Scouts and winners of a fire prevention essay contest in junior high schools were special guests.

The New Jersey service office of Century of Scotland has been moved to the Military Park building at Newark. W. H. Chant is state agent and K. G. Long, special agent.

Seattle Blue Goose was host to Charles L. Beale of Dallas, most loyal gander, at a dinner meeting.

Vt. Spring Card Is Ready

Speakers have been announced for the spring meeting May 12 at Woodstock of Vermont Assn. of Insurance Agents.

Richard C. Hubbard, Middlebury, association president, will review the one-write policy and various forms; Howard Germain of Hartford, manager of Factory Insurance Assn., will discuss the functions of F.I.A.; Cyril Greene, who was on the commission to study and set up the Vermont boiler law, will explain that law, and Oscar Beling, superintendent of agents of Royal-Liverpool, will talk on "Planning for Profit."

The first meeting of the St. Louis court of Cats Meow under the new administration will be a luncheon May 5.

Insurance Women of Freeport, Ill., held an organizational meeting at which officers were installed by Miss Florence Manson of Chicago, a past regional director of N.A.I.W. Mrs. Mabel R. Moore is president, Miss Ruth Adamson, vice-president; Mrs. Ferne Ottenhausen, secretary, and Mrs. Lois Walter, treasurer. A charter of N.A.I.W. was presented by Miss Ethel Wetterstrom of Rockford, regional director. Speakers included Mrs. Lucille Blakesley, president of the Chicago association; C. M. Weller, president of Rockford Assn. of Insurance Agents; Russell Haight, Freeport agent, and R. H. Gregg, assistant western manager of Crum & Forster.

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London Report

London wide open increase premium report as Rogers state and described as "very bad" Fire insurance time exceed in the U. to the pr comment existence insured all instances without v operate th thing roun sonable p spect, and holders' c providing About 5 derived fr 15% from from othe

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NEWS OF THE COMPANIES

London & Lancashire Reports on World Operations in 1951

London & Lancashire in its world-wide operations in 1951 had a premium increase of £3,717,792, bringing total premium income to £25,665,380. In his report as chairman, Sir Arthur S. Rogers states that the results of the fire and marine operations can be described as "very good" and casualty as "very bad."

Fire insurance premiums for the first time exceeded £10 million, and business in the U. S. contributed substantially to the profit in that line. Sir Arthur commented that "the main object of our existence is to provide security to insured all over the world, and in many instances to give them the security without which they could not safely operate their businesses. I regard anything round about 8% as a fair and reasonable profit for the company to expect, and a fair reward for the stockholders' capital which is hazarded in providing that full security."

About 50% of the fire business was derived from the United States, less 15% from Great Britain and the balance from other countries.

Substantial Loss on Casualty

The casualty business produced a substantial loss. Premiums increased to £9,571,171, and claims, expenses and reserves exceeded that by £395,994. "We cannot blame any one particular country," Sir Arthur said. "We lost money at home, we lost quite a good deal of money in the United States and we lost a little in the rest of the foreign field."

Of the total casualty premiums, more than 50% came from motor vehicle, and this has been written practically world-wide at a substantial loss, he noted.

Workmen's compensation in the United States produced unsatisfactory results.

Marine premiums exceeded £5 million, and in this line Sir Arthur mentioned that there has been increasing competition and "consequent unreasonable rate cutting for cargo business which are bound to make themselves felt before long."

Assets of the London & Lancashire group now amount to £55,466,235.

Fraser Paramount Director

The annual meeting of stockholders and directors of Paramount Fire was held in the board room of National Board, New York, Tuesday, with President John Mylod in charge. Charles Fraser of the Zweig, Smith & Fraser agency, New York, was elected a director to succeed the late A. J. Smith of that agency. Mr. Smith used to arrange the annual gatherings of the company at this locale. A memorial mass for Mr. Smith was scheduled for later in the week at Our Lady of Victory church in downtown New York.

New Florida Home Stock

Directors and stockholders of Florida Home of Miami have approved a resolution to sell 12,000 additional shares of common stock at \$25 a share, par value being \$10, to increase capital by \$120,000. Surplus will be increased approximately \$180,000.

Springfield to Sell Old Office

Springfield F. & M. has completed arrangements for the sale of its office building at the corner of State and Maple streets, as well as adjoining property and a graded parking lot, at Springfield, Mass. The purchaser is to be Arawana Mills, a Connecticut real estate holding corporation. The purchase price was undisclosed.

It is expected the properties will be leased for office use after Springfield F. & M. moves to its new head office building at 1250 State street.

Ins. Co. of Texas to Boost Its Capital to \$1 Million

Sale of 40,000 additional shares of stock in Ins. Co. of Texas has been voted by stockholders. This will bring its capital to \$1 million, an increase from \$200,000 less than a year ago. June 23, the date of the State Federation of Labor convention at Amarillo, was set as the goal for the completion of the issue. The company is owned by members and unions affiliated with A. F. of L. in Texas. It recently purchased majority interest in Continental Fire & Casualty, which operates in 15 states, also owns the majority of the stock in Life of Texas.

Stockholders also authorized the directors to issue up to 100,000 additional shares of stock over the next three years to take care of shares subscribed under the company's investment savings plan.

Stock sales will be cut off when the 40,000 shares are paid in, but installments scheduled over the coming three years will absorb the additional 100,000 shares. Completion of those issues will make the company's capital \$2 million, with \$10 a share going into capital and the remainder into surplus. Price for the additional shares will be \$23, up \$1 from the previous 40,000 issue which was sold out March 6, bringing capital to \$600,000.

President Ben Jack Cage predicted that the I.C.T. premium volume in 1952 will be \$6 million. He also reported on his recent conference in London with the chairman and other officers of Lloyds.

Charles Chandler, chairman of the First National Bank of Wichita, has been named a director of Central States Fire.

American Marine & General has been licensed in California. James T. Cage, resident vice-president at San Francisco of Wm. H. McGee & Co., is named as California agent.

Davies Hemispheric Speaker

Hugh A. Davies, director of Latin-American operations of International Harvester Co., will speak at a Hemispheric Insurance Day luncheon May 14

at New York. This is the official Hemispheric Insurance Day and will be celebrated as such as in the Latin American countries. The hemispheric insurance conference will be conducted at New York Sept. 7-12. John A. Diemand, president of North America, is chairman of the hemispheric insurance committee of the U. S. Chamber of Commerce which sponsors this event.

Glens Falls in New Office

Glens Falls group is now receiving agents, brokers and other guests in its new and enlarged Chicago offices at 309 West Jackson boulevard. The move to the new quarters, in which are housed the central department and metropolitan branch, was made necessary because of expanding business.

M.&M. Opens Atlanta Office

Marsh & McLennan are opening an Atlanta office May 1 under the supervision of Vice-president Frank M. Ridley, formerly with the insurance firm of Adams, Holmes & Tharpe. He will be assisted by B. C. Branch, transferred to Atlanta from the New York office. Marsh & McLennan now has 25 offices in principal cities in the United States and Canada and at Havana, Cuba.

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New Improvements, Betterments Rules

(CONTINUED FROM PAGE 6)

Certain improvements installed by the restaurant were destroyed by fire, the landlord replaced them and the loss was paid by his insurer. Nevertheless, because of the language of the policy, the New York courts permitted the restaurant to recover the full value of these improvements, even though he was actually using their replacements by the time the decision was rendered.

It is believed that the specific pro-

visions, encompassing several different situations, in the new form will take care of such situations in the future. How widespread these conditions will be remains to be seen. Multiple location and reporting forms, for example, contain the provision as to the insurance company considering the insured tenant as unconditional and sole owner. However, if this new endorsement becomes widespread, undoubtedly there will be pressure to revise reporting forms as well as the more usual forms along these lines.

It has been argued that historically the reason for the provision about considering the tenant as unconditional and sole owner was inserted to take care

of the statement in older standard fire policies that insurance would be void if the interest of the insured were not unconditional and sole ownership. This provision is not in the 1943 New York standard fire policy, now used in 46 states, and never was in the New England standard policy, used in the other two states, so there is certainly no need for this expression. The Alexandra Restaurant case showed insurance people that it could be used to promote a decidedly inequitable recovery.

Other changes made in Ohio include the rule recently adopted in the southeast and the middle department prohibiting writing commissions of selling agents under contingent busi-

ness interruption forms and requiring that they be insured under a new mandatory form for this specific purpose. Formerly there was no specific prohibition covering these under contingent business interruption forms and many underwriters objected to doing this, at a fraction of the building rate, because they felt that the chance of a possible total loss was much greater than with the usual contingent business interruption risk. The new rule and form clarify this matter.

The new loss clause, providing for automatic reinstatement without charge, similar to that in force in many states, is also incorporated in the Ohio rule book. Leasehold interest rules have been revised to make uniform form No. 105 mandatory and also to include a specific provision for covering the leasehold interest of the lessee in improvements and betterments. This refers to cases in which an insured has invested a substantial sum in improvements and might lose their use because his lease might be canceled by a fire doing substantial damage to the balance of the premises, but not actually damaging the improvements themselves.

Strong Program Announced for Georgia Convention

Three forum discussions on agency management and sales, the safety responsibility law, and farm and small town agents' problems will highlight the annual meeting of Georgia Assn. of Insurance Agents at the General Oglethorpe Hotel, Savannah, May 21-23.

Ray Murphy, general counsel Assn. of Casualty & Surety Companies, and Charles S. Cooper, fidelity manager National Surety, New York, will be on the program. Dr. Walter A. Flick, chairman department of psychology Washington & Lee University, will be the banquet speaker.

On the agency management and sales forum will be Arthur L. Schwab, States Island, N. Y., member of N.A.I.A. agency management committee, "Direct Writing Competition"; William J. Traynor, assistant secretary North British, "Your Advertising Dollar"; Claire Marshall, Marshall & Stevens, Philadelphia, "Valuations and Appraisals," and Louie E. Woodbury, Jr., Wilmington, N. C., former chairman Southern Agents Conference, "Get Up and Get Out." E. L. Cantrell, Rome, Ga., will be moderator.

Safety Responsibility Forum

Capt. W. P. Grinstead, supervisor Georgia bureau of safety responsibility, will lead off the forum on this law. Also on the panel will be S. C. Southard, Birmingham, manager Georgia assigned risk plan; William P. Latimer, Jr., Hurt & Quin, Atlanta general agents, and James P. Walker, Augusta local agent. Billy B. Lastinger, Valdosta, will be moderator.

The farm and small town agents forum, under the direction of Tommy Hooks, Americus, will feature W. J. Robertson, Atlanta manager Rain & Hail Insurance Bureau, on "Hail Insurance"; a picture, "Fire on the Farm," shown by Robert M. McFarland, Jr., S.E.U.A.; A. A. Orrender, assistant manager Hartford Fire, "Farm Fire Underwriting"; George W. Campbell, Jr., Fire Insurance Fieldmen's Club, "U. & O. for Small Mercantiles"; Roy Brown, agency supervisor Aetna Casualty, "Comprehensive Farmers Liability," and Cortland F. Luce Jr., marine superintendent Aetna Fire, "Farm Machinery & Livestock."

Commissioner Cravey will install the new officers at the banquet. Charles W. Cook, Moultrie, is president of the association, and Harry M. Carter, Savannah, vice-president.

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Smith Discounts Branch Office Threat

(CONTINUED FROM PAGE 4)

an idea that he could be elected on a platform to do some violence to the American agency system and might succeed. Or some legislators might think they were acting in the interest of their constituency by enacting legislation against our way of doing business.

"I have been considerably afraid of the possibility that states would regulate agents' commissions and that if they did so they would regulate them at such a low level that the high caliber of agents the business has and must continue to have would not be attracted in the future to the agency ranks. I believe that we must all look to the attitude of the public toward the insurance agent and we must be interested in the attitude of the public toward all insurance agents because in this respect all of us are in the same boat. An agent who does not have good relations with the public hurts not only himself but all agents.

Must Feel They Get Money's Worth

"Now the real question is: Do agents have the good will of our policyholders to the point where they appreciate the service rendered? If the future of the agency system is secure, the public must think it is economically sound and that they get their money's worth from the agents."

Attendance at the midyear meeting was one of the largest in the 15 years it has been held. Official registration was 350 but more than 400 attended the banquet and many were unable to be accommodated. Frank S. Preston of the White-Preston agency, Minneapolis, was general chairman.

With a session of the legislature coming up in January, the executive committee of the Minnesota association informally discussed some of the proposals that may come before the session next winter. They probably will be considered more in detail at the annual meeting of the association at Duluth in September.

Commissioner Nelson met with the executive committee and expressed appreciation for the cooperation he has received from the association in his efforts to improve the agents' position.

Hard to Offset High Verdicts

A substantial increase in premiums appears to be the only way insurance companies can offset the high verdicts being returned in casualty cases, Harold J. Carroll, Minneapolis attorney, declared, in speaking on "Third Party Liability" as one phase of the over-all theme of taking care of increasing casualty losses. He gave as his opinion that there is no prospect in the foreseeable future of any substantial reduction in any of the factors that are causing these high claims, such as incomes, hospital costs or automobile repair figures.

Mr. Carroll reviewed the trends in legislation and the courts. He cited the increase in the wrongful death limit in Minnesota from \$5,000 to \$17,500; changes in contributory negligence laws and how it is possible to get around the elementary law that one spouse cannot sue another for personal injuries.

He also referred to recent Minnesota decisions involving "bailment" cases. "Under the so-called absentee owner doctrine," he said, "the owner of the automobile can collect for full damages to his car in the event the driver is merely a bailee and not an actual owner." He cited a case where two owners collected in full for the damage to their cars in one collision where concededly the accident was due to the contributory negligence of each driver.

"Therefore, insurance companies are confronted with paying for the property damage to each car owner in cases in which formerly no one could collect," he said.

Mr. Carroll was inclined to put some of the blame for high verdicts on the insurance companies through their advertising. "The public reads in national magazines full page ads showing a gruesome picture of a child lying in the street seriously injured and with a jury in the background," Mr. Carroll said. "The theme of the ad is to call attention to the large verdicts in personal injury cases and urge the public to buy higher limits."

He said another factor in large verdicts is the specialization of attorneys for plaintiffs and doctors for the injured parties. He pointed out that there is an active and well organized group of attorneys for plaintiffs in personal injury cases which holds conventions and meetings in which all angles of trying personal injury cases and all factors in support of large verdicts are discussed.

Predicts Higher Auto Rates

The continued increase in loss costs and claim frequency indicate that substantial rate increases for automobile liability insurance will be necessary this year, William H. Brewster, manager of the automobile division of National Bureau of Casualty Underwriters, told the Minnesota agents.

"We hope the state supervising authorities will appreciate the seriousness of the rate problem just as they did in connection with the emergency rate revision promulgated last year," Mr. Brewster stated. "The forthcoming revision will, of course, contemplate rate changes based upon experience according to rating territory within each state, which was not the case in 1951."

"In order to make a realistic approach to our present problem of determining rates which are adequate for the balance of 1952 and for 1953," he added, "we must not only utilize the most recent loss ratio and claim cost data available,

but recognize the trend that will adversely affect claim settlement costs for the policies written at the revised rates. Only by some such procedure will we be able to close the gap between the most recent policy year experience and the period during which the new rates will be applicable."

Unless such up-to-date statistical data is utilized, the companies will not realize adequate rates for the immediate

future, nor will they find it possible to ease the insurance market for a coverage so important to the insuring public, Mr. Brewster declared.

Companies, he said, should be in a position to realize a reasonable profit and afford a ready market to car owners who have been impressed with the desirability of automobile liability insurance under existing safety responsibility laws.

Greetings to Iowa Association of Insurance Agents at their Annual Gathering in Des Moines



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EDITORIAL COMMENT

Are Agents' Meetings Necessary?

To one who attends a number of agents' meetings, it is always surprising how good they are—and it is almost equally surprising how much better they could be provided a little more planning were devoted to the program. Agents still manage to be partially amateurs in organizing the formal parts of their programs.

In the first place, it is a good thing to recall some of the sound reasons that exist for holding agents' meetings. What do agents get from attending the good ones? The answer is, primarily education, in the broad sense.

The agent who discusses his business with agents who operate elsewhere can be his own economist and adjust his operations to what is coming. For example, right now signs are multiplying of a shakedown in business activity. Also, there is every evidence that capacity for automobile and workmen's compensation risks is going to be smaller before it is larger. The alert agent often picks up ideas he can use to develop some business in his own shop or save some money.

There is real value in checking in occasionally with others of like kind and finding that they are doing well. Insurance is essentially a business of human relations, especially on the agency side, and these meetings provide an exercise in friendship that is invaluable in the maintenance of morale.

Agency meetings and the organizations which sponsor them provide a stage on which agents may exercise and test their abilities in leadership. This stage provides an opportunity that is a peculiar combination of the political, social and economic, but that is nevertheless invaluable in offering a training for group action that now and then is called upon to perform the most essential kind of service for the business.

For example, it is hard to believe that the flat rate would have been defeated in Massachusetts, or that the safety responsibility law would have won out over compulsory in New Jersey, if there had not been a well integrated, active agent organization that had developed in a practical way a lot of leadership over the years. Much of what agency organizations do at meetings may seem inconsequential, but there is a great deal of natural interest on the part of the participants; even in the less important gatherings some good is accomplished, and the political, social and economic muscles of the producing

forces of the country are kept flexible and tuned up for the appearance of the important, vital issue that is certain to arise.

There are other reasons and other benefits in attending such gatherings. But how can the meetings be improved? Here are a couple of suggestions from agency meetings that were more effective.

Some programs tend to be both too long and too short; that is, there is too great a variety of subject matter. The effect becomes discursive and much of the value of the program is lost.

Perhaps there could be more concentration as to subject matter, the variety being provided in treating the several phases of one, two, or at most three subjects. Instead of providing a little of several things, why not provide considerably more of two or three? To illustrate, at the present time, one whole meeting could be devoted to the difficulties in the third party lines. Here the hard facts of the situation could be set forth, the future explored, and what agents can do to meet the problem discussed. Rate increases lie immediately ahead, and in them agents are directly and sometimes unhappily involved by local resentment. There are a lot of shoals and rocks ahead and agents need all of the chart study and planning possible if they are to steer a safe course.

Selling might be the subject of another meeting. What kind of business are companies anxious to write? What agents in the organization have had unusual success with these lines and are able to describe their experiences? Why not call on an insured, someone who makes a good talk, and find out what he thinks about a line or lines, or about the insurance business and the local agent's part in it as a buyer?

The convention is a form of communication and there ought to be in it a considerable degree of concentration. A little planning will avoid the danger of monotony; anyway, there is always organization business to provide some variation in theme. Concentration does not mean repetition as much as it means foliation to create a lasting impression on the audience so that it goes home with something that it will retain and turn into profitable action.

Practically every agency meeting results in a resolution or two. These occasionally come about after mature deliberation. They are important reflections of agency opinion. As such, they

are valuable for the business as a whole to have.

However, they often exert little effect in the direction they are aimed. Wouldn't they be more effective if in each case they resulted in the appointment of one or a three-man committee to follow up and report back to the organization? Not all resolutions are of this consequence, but some are. Yet if they deal with a subject of real import, something more than a simple utterance should happen to the resolution. It is true that committees have a way of taking such directives and sitting on them. But if some care were used to select a man or

two in a natural position to follow through and find out what the facts are or what may possibly be done to further the agents' interest, that interest might be furthered a good deal more than it will be otherwise.

However, as they are presently constituted, agency meetings do a lot of good. They yield to the participants basic benefits. They enable agents to recheck the insurance climate, which cannot be done in any other way with quite the same degree of success—and these benefits do not always depend on the business transacted and the speeches made.

PERSONALS

George Lilly, general manager of General Adjustment Bureau, was honored on his 40th anniversary in the business at a reception and dinner in New York City.

James R. Curtis, president of National Security of Texas, has been elected president of Longview Lions Club.

Travis T. Wallace, president of Great American Reserve, will be honored in a double celebration May 5 by the insurance people of Dallas. At that time he will complete 30 years in the business and one year as the first president of Insurance Club of Dallas. The club will elect new officers.

Otis Clark, president of Reinsurance Underwriters, San Francisco, has left for London to survey the market and confer with officers of Lloyds.

H. C. Christopher, vice-president and agency director of American Hospital & Life, San Antonio, while pruning a tree fell and broke his breastbone. Still under the doctor's care, he is able to spend a short time at his office each day.

Assn. of Insurance Attorneys Elects H. W. Buck President

At the annual meeting at Kansas City of Assn. of Insurance Attorneys, these officers were elected: President, Henry W. Buck of Morrison, Hecker, Buck, Cozad & Rogers, Kansas City; vice-president, Melvin T. Woods of Bailey, Voorhees, Woods & Fuller, Sioux Falls, S. D.; secretary, Roy J. Mordaunt, Minneapolis, and treasurer, Howard E. Kopf, Davenport, Iowa.

The convention was invited to Columbus, O., and Milwaukee. After discussion Milwaukee was selected for 1953 and Glenn R. Daugherty of that city was made convention chairman.

More than 50% of the membership was present and registered. Individual problems of the members in better serving insurance company claim departments were discussed.

Social features included a reception for members and their wives the night before the convention, a cocktail party and buffet luncheon at which the association entertained more than 100 company attorneys and claim men from the area around Kansas City, and the banquet, with more than 200 in attendance.

DEATHS

HARRY T. STEPHENS, 71, retired Kansas state agent of North America, died in a Topeka hospital after several weeks confinement there. He entered fire insurance work in 1903 with the old Oklahoma & Indian Territory Inspection Bureau under C. T. Ingalls, and transferred a year later to the Kansas Inspection Bureau under Chas. E. Eldridge. Both



H. T. Stephens

were very prominent in rating work in the early days. Mr. Stephens went with North America in 1909 as special agent in Kansas, which was then under the jurisdiction of J. F. Downing, general agent at Erie, Pa. Some years later he became state agent and after serving for 32 years was retired in 1941. He served as president of Kansas Fire Underwriters Assn. and Kansas Fire Protection Assn. and most loyal gander of Kansas Blue Goose. He was a life member of both the Blue Goose and Fire Underwriters Assn. of the Northwest.

GEORGE W. MYERS, 48, vice-president and manager of the claim department of J. Gordon Gaines, Inc., Akron, O., agency, died suddenly of a heart attack.

MARK D. RECTOR, formerly secretary and assistant manager of the Chicago agency of James S. Kemper & Co., died at his home at Atherton, Cal., where he had been living since his retirement in 1946. Before joining the Kemper organization in 1936, Mr. Rector was manager of Sprinklered Risk Mutuals of Chicago, which later merged with Approved Risk Mutuals.

JOHN M. ALLEN, 69, retired special agent of Guarantee Mutual Fire of Springfield, O., and a life member of the Michigan 1752 Club, died after being stricken while attending a fire insurance short course at Michigan State College. He had been in fire insurance field work since 1910.

MRS. LILLIE C. HIGDON, mother of J. C. Higdon, president of Business Men's Assurance and Harold C. Higdon, assistant secretary of Columbus

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Mutual Life, died at the age of 82 in Research hospital at Kansas City. Mrs. Higdon was the wife of the late John E. Higdon, former chief examiner of the Missouri insurance department and first actuary of B.M.A.

MRS. CHARLES H. SMITH, wife of the vice-president and western manager of Hartford Fire, died Sunday at Chicago. Funeral services were held Wednesday at her old home at Rochester, N. Y.

ARTHUR W. BULLERMAN, 49, who retired in 1950 after 18 years as an adjuster with the Frank L. Erion Adjusting Co. of Chicago, died of a coronary thrombosis at his home in Bradenton, Fla. Mr. Bullerman went with the Erion Co. after graduating from Kent College of Law in Chicago. He had been doing some independent adjusting work in Florida.

A. F. KLEINSMITH, 46, claims superintendent of General Accident in the New York metropolitan area, died at White Plains. He had been with the company 21 years.

ALFRED F. TURTON, New Jersey state agent of Agricultural, and his wife were fatally injured when their car crashed into a railroad bridge at Orange, N. J. Mr. Turton joined Agricultural about 20 years ago and was transferred

to New Jersey as state agent in 1935. John Wilmott, secretary of Agricultural, was injured in the crash and was reported in critical condition in Orange Memorial hospital.

ROBERT J. PUTNAM, 52, Wisconsin claims supervisor for Farmers Mutual Auto, Madison, Wis., died after a brief illness. He had been with the company since 1927 and previously practiced law.

M. D. O'CONNELL, who was a building contractor and insurance adjuster for many years at Butte, Mont., died at the age of 79.

CHRISTIAN K. KERN, 83, president of Terre Haute Mutual Fire, died at Terre Haute, Ind.

FRED S. TUXBURY, 80, an associate in the Tuxbury agency at Muskegon, Mich., since 1924, died after a short illness. He was in partnership with a son, George B., and was active in the agency until recently.

Continue Fight on Truman D. C. Reorganization Plan

WASHINGTON—Insurance interests are preparing to fight a plan for reorganizing the District of Columbia government which President Truman is expected to submit to Congress almost any day.

In its preliminary form the plan provides for integrating the D. C. insurance department and about 25 other bureaus and agencies into or with a new department of commerce and labor.

Several months ago insurance interests organized a committee headed by E. J. Schmuck, general counsel of Acacia Mutual Life, and including representatives of all segments of the business, which protested the plan and demanded the insurance department be continued as a separate entity at a hearing before the D. C. commissioners. That committee will resume activity when the plan goes to Congress. It would become effective 60 days thereafter unless voted down by a constitutional majority of either house of Congress.

If the present D. C. insurance law is to be made subject to change by the commissioners or a director of commerce and labor, it is contended insurance interests will never know exactly "where they are at," with respect to operations here.

Contingent Commission New Name for Retrospective

The announcement about the licensing of Insurance Co. of the South, with headquarters at Jacksonville, Fla., stated that it will be engaged mainly in the business of writing automobile contingent commission insurance. This is a new name for what has come to be known generally as automobile retrospective plan insurance, which has been used mainly on finance accounts. E. Dana Johnson is president of this company.

Delahunty to All-American

G. T. Delahunty, assistant vice-president and claims manager of Republic National Life of Dallas, has joined All-American Casualty of Chicago as claims manager and chief underwriter effective May 15.

Only three weeks ago the announcement was made of Mr. Delahunty's promotion to assistant vice-president of Republic National. He had been claims manager. He is president of Dallas A. & H. Claim & Underwriters Assn. He formerly was with Alliance Life of Chicago for 15 years, and in joining All-American is again associated with M. A. Kern, president of that company, who was president of Alliance Life.

Republic National has named James J. Killmar, manager of the claims department to succeed Mr. Delahunty. He has been assistant manager. Mr. Killmar graduated from Creighton University and has been with Republic National since 1947.

Service Casualty, C.I.T. insurer, has been elected a member of Assn. of Casualty & Surety Companies.

Gleanings from Mile High Rally

A welcome feature at the N.A.I.A. gathering at Denver was the coffee and sweet roll table that was set up each morning, compliments of **American Automobile**. That provided an early morning rallying point and stimulated fraternization.

Fidelity & Deposit as usual at agents gatherings saw to it that the morning paper was delivered at the rooms of conventioners.

The buffet supper Sunday brought together several hundred and got the group well acquainted at the outset.

Mrs. Laura Sheldon, wife of Walter M. Sheldon of Chicago, vice-president of N.A.I.A., accompanied her husband to Denver, and then on Monday left to sail for Honolulu where she will visit her daughter's family.

Arthur M. O'Connell, president of Ohio Assn. of Insurance Agents, gave an address "My Stake in Private Enterprise" at a luncheon Monday of Denver Presidents Club. This is an organization of presidents and past presidents of

civic clubs. He was escorted by **L. Allen Beck**, prominent Denver agent, past president of Presidents Club. Mr. Beck entered the precincts of this big league by reason of having been president of Knights of the Round Table.

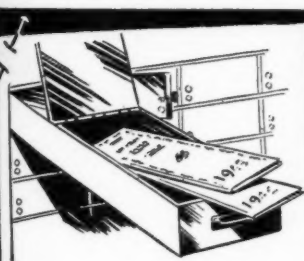
Major **Quig Newton** of Denver, in presenting a silver dollar to James F. Van Vechter, N.A.I.A. president, at the opening session Monday morning, spoke feelingly of clean up, sweep up week. He said he had pitched in the day before to contribute to the success of the week, by policing his own place. He said he has his pains, a sprained ankle, a hand punctured by thorns and a cold.

Topham, Beasley Named Travelers Fire Managers

Travelers Fire has appointed Albert F. Topham manager at Dallas and Elliott L. Beasley at Jacksonville.

Mr. Topham joined Travelers in 1941, was in service and then field supervisor at Grand Rapids. In 1948 he transferred to Dallas and became assistant manager there in 1949.

Mr. Beasley joined Travelers in 1926, starting at Dallas as a field supervisor. In 1937 he became assistant manager and in 1940 manager.



Thar's Gold in Them Thar Old Policies

(When you bring them up-to-date)

You're doing yourself as well as your customers a favor when you remind them of the importance of insuring up to today's values. And to make it even easier for you to present this important fact to them, we're stressing the same theme in our national advertising. Most property owners appreciate the soundness of the idea . . . they merely need a little reminder from you.



The Phoenix Insurance Co.
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MECHANICS AND TRADERS INSURANCE COMPANY
FRANKLIN NATIONAL INSURANCE COMPANY OF NEW YORK
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The surest way to sell more of anything—accident insurance, artichokes or automobiles—is to offer the best quality product possible, one better than most of your competitors'. That's what National of Hartford Agents get with our special, new "U-Write-It Plan". For instance:

1. The NATIONAL PROTECTOR ACCIDENT POLICY puts them in a competitively superior position.
2. They get everything needed to understand and sell Accident Insurance in our unique "U-Write-It Plan" kit.
3. Our "U-Write-It Plan" lets their prospects set their own coverages and their own premium . . . without high-pressure selling, confusion or wasted time.

Remember . . . 'most everyone is a prospect for Accident insurance. This means Dollars For You because Accident premiums build up steadily and keep on renewing year after year.

Our fieldmen, countrywide, are ready to show qualified agents the many advantages of the NATIONAL PROTECTOR ACCIDENT POLICY and the new idea for selling it—the "U-Write-It Plan".

It's designed expressly for Property Insurance Agents.

WANT ADS

Rates—\$13 per inch per insertion—1 inch minimum. Limit—40 words per inch. Deadline 5 P. M. Monday in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.

THE NATIONAL UNDERWRITER—FIRE & CASUALTY EDITION

WANTED

Fire & Casualty Underwriter for unusual opportunity and position in the South. In reply please give education, experience, nationality, place of birth and background. All replies confidential.

Reply: Box 234, The National Underwriter, 432 Hurt Bldg., Atlanta 3, Georgia.

FIRE FIELDMAN AND CASUALTY UNDERWRITER wanted for WESTERN PENNSYLVANIA

Two excellent openings are presently available in our Pittsburgh Branch Office for experienced men under 40 years of age.

Apply in person or write to:
THE EMPLOYERS' GROUP INSURANCE COMPANIES OF BOSTON
Ralph E. Wallace, Br. Mgr.,
535 Fifth Ave., Pittsburgh, Pa.
or
Wendell A. Simonson, Res. Mgr.,
436 Walnut St., Philadelphia, Pa.

BOND MAN WANTED

Maybe you haven't thought of moving to California. If the possibility now interests you, there is an opening in San Francisco for an experienced and capable bond man in long-established Pacific Coast Headquarters of an Eastern Casualty-Surety Company with membership in National Bureau and Surety Association. This could soon develop into the top job in Bond Department. If interested, send particulars of background, experience, age, etcetera. Address L-15, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

WANTED AUTOMOBILE PHYSICAL DAMAGE UNDERWRITER

Chicago home office has an excellent opening for a man with two or more years experience in automobile physical damage insurance underwriting to assist supervisor of the department. Salary commensurate with ability and experience. Reply in confidence to L-36, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

FOR RENT

Large private office in old established Chicago loop agency. Phone facilities. Address K-71, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

SPECIAL AGENT AVAILABLE

6 years' experience, married, age 31, now employed, excellent references. Following in Illinois-Wisconsin territory. Address L-29, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

ARE YOU LOOKING FOR AN OPPORTUNITY?

Nationwide casualty insurance group with headquarters in midwest needs you if:

1. You have an underwriting background,
2. You like analytical thinking, and
3. You have done or can do technical writing.

This is a permanent home office position dealing with technical underwriting publications directed to employees and agents. This is a good opportunity if you can do the job. Apply in confidence to L-38, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

WANTED CASUALTY UNDERWRITING SUPERVISOR

Thoroughly experienced in casualty underwriting. Able to make own decisions and qualify to supervise others. Familiar with office procedures. Salary and responsibility commensurate with experience and ability. Liberal benefits. Pleasant working conditions. G. L. Hubbard, western department, Room 400 — 120 S. LaSalle St., Chicago 3, Ill.

WANTED

CASUALTY UNDERWRITER—Minimum 4-5 years experience in 3rd party lines. Just beginning casualty operations.

EQUITABLE FIRE INSURANCE COMPANY
CHARLESTON, S. C.

WANTED PROOF CHECKER

Progressive rapidly expanding fire insurance company has opening for young lady with some experience in checking loss proofs. Salary commensurate with experience. Liberal benefits, 37½ hour week, loop location. G. L. Hubbard, Western Department, Room 400, 120 S. La Salle St., Chicago 3, Illinois.

FIELD MAN WANTED

Multiple line Indiana Company needs field man to travel Central Indiana Territory, including Marion County. Basic knowledge of casualty lines necessary—some knowledge of fire business helpful. Salary open. Replies will be held strictly confidential. Address L-31, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

LOS ANGELES AREA

Controller, age 39, Midwestern A&H Company. 17 years varied insurance experience including 5½ years insurance public accounting. Desires mutually profitable business arrangement. Will consider purchase of general agency. Own company knows of this ad. Replies held strictly confidential. Address L-32, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

CLAIMS MANAGER AVAILABLE

Young casualty home office executive seeks opportunity. Will head up home office claims or consider other major responsibility. Address L-34, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

FOR SALE

General Agency located forty miles north of Grand Rapids, Michigan. Resort and industrial area, good hunting and fishing. Mail inquiries to Box L-35, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

Insurance Women's Card Prepared

The program for the annual convention of National Assn. of Insurance Women at the Alex Johnson hotel, Rapid City, S. D., June 10-13 is completed. Miss Mary Gambill, Little Rock, is president.

The welcome will be given by Mrs. Elsie B. Mayer, Denver, on behalf of the past officers club, and the keynote address will be given by Walter G. Dithmer, assistant manager of Western Underwriters Assn.

On the first afternoon there will be an educational panel consisting of Eleanor A. Sage, Topeka, moderator; H. L. Burg, Montana local agent; A. N. Graves, Travelers, and two members of N.A.I.W.

The ladies will take a tour the second morning, and after a picnic lunch will view a special showing of the Passion Play at Spearfish.

The final day will be devoted to business sessions and election of new officers.

Anderson Reviews Problems Inspection Bureaus Face

W. C. Anderson, manager Missouri Inspection Bureau, in reviewing its work before Insured Members Conference told some of the questions that have been put up to the bureau by insurance agents, architects, inspectors, engineers, property owners, housewives, airport officials, manufacturers, merchants and others.

The construction of an addition to a factory, warehouse or commercial building presents insurance problems, especially in their relation to existing policies. In one case, brought in by an agent, it was decided to endorse the existing policies so as to exclude the addition under construction and to write separate policies under completed value form 17C, to apply on the addition. After completion, unless the plans are changed, the property is to comprise one fire division.

An architect, preparing plans for an addition to a school building, said he desired to use a pan type roof for the addition, including steel ribs, Zonolite concrete and surfaced with a built-up tar and gravel roof. He said he was told that this construction is inferior to that of the present building and that if he used this roof assembly fire insurance rates would be increased. The bureau's file on the property revealed that the classification of the roof proposed is equivalent to that employed in the original structure, so that there is no objection to the use of the assembly proposed.

In another case that an inspector encountered an insured who doesn't want to trip his dry valve on a system put in 15 years ago and that hasn't been tested or tripped since 1942. "Why should I be concerned if this place burns?" he asked. "Insurance companies will pay me for the damage—I won't lose anything."

He said the agent undoubtedly fits very definitely into this picture. "If he has this insured so well protected that he can have a serious fire loss and not lose anything, he has done a remarkable job of selling," Mr. Anderson concluded, "as well as an unusual job in protecting his insured against any possible loss resulting from fire. I presume he has time element coverage, such as business interruption, in addition to his property damage coverages, but I wonder if anyone has insured him against the possibility of losing some of his valuable customers during the period of shut down. Maybe this fellow is tired and has concluded that if he has a bad fire loss he will collect the damages and just quit."

Book on Agency Advertising

The Rough Notes Co. has published a book "Agents Advertising Primer" by Jarvis Wolverton Mason that comprises 96 pages and sells for \$1.50. Mr.

Mason was a local agent at Mount Vernon, N. Y., and then for six years was advertising manager of London Assurance, for five years he had the same position with National Fire, and he is now with the Wilson, Haight & Welch advertising agency of New York and Hartford.

Mr. Mason in his book shows the agent how to work out a budget for advertising, how to conduct an advertising and public relations program.

New York Marine Groups Adopt Purcell Memorial

New York City marine insurance organizations at a meeting there adopted a memorial resolution for the late John F. Purcell, who was New York marine manager for Aetna. J. Arthur Bogardus, chairman of Atlantic Mutual, president of Board of Underwriters of New York, presided at the meeting and the resolution was introduced by Henry C. Thorn, New York manager of North America.

Besides the board, organizations represented were American Institute of Marine Underwriters, American Cargo War Risk Reinsurance Exchange, American Marine Insurance Clearing House and Inland Marine Underwriters Assn.

See L. A. Harbor Film

Insurance Assn. of Los Angeles devoted the greater part of its April meeting to a film showing the history and present facilities of the Los Angeles harbor. Joseph Kaplan, manager of the Los Angeles chapter of National Surety Council, outlined its program.

Mrs. Muriel Bixby Clark, association vice-president, reported on the Far West Agents Conference at San Francisco. The annual golf day was announced for May 16.

N. Y. Mariners' Club Committees

Mariners Club of New York has elected Andrew M. Clouston of North America and Henry A. Warden of Aetna Fire to the executive committee. Skipper E. V. Silver, Jr., of Fireman's Fund has appointed J. Russell Cardona of North British as master at arms and the following program committee:

F. J. Richardson, Universal, chairman; T. A. Duggan, Home; E. A. Faust, Jr., Atlantic companies; F. A. Gelderman, Fireman's Fund, and J. R. Tamm, Marine Office of America.

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 35 So. LaSalle St., Chicago

April 29, 1952

	Div.	Bid	Asked
Aetna Casualty	3.00	88½	90½
Aetna Fire	2.25	52	53½
Aetna Life	2.50	81	83
American Alliance	1.50*	31½	33
American Auto	2.00	38	39½
American Equitable	1.50	26	27½
American (N. J.)	1.00	23	24
American Surety	3.00	49	51
Boston	2.60	64	66
Camden Fire	1.00	21	22½
Continental Casualty	2.60	76	77½
Fire Association	2.60	56	58
Fireman's Fund	1.60	55	57
Firemen's (N. J.)	.80	24	25
Glens Falls	2.00*	54	56
Globe & Republic	.80	13	14
Great American Fire	1.50*	36	37½
Hanover Fire	1.60	34½	35
Hartford Fire	3.00*	134	136
Home (N. Y.)	1.80	35½	36½
Ins. Co. of North Am.	2.50*	74	76
Maryland Casualty	1.60	21½	22½
Mass. Bonding	1.60	25	26
National Casualty	1.50*	26½	28
National Fire	2.50*	60	62
National Union	1.80	39	40
New Amsterdam Cas.	1.50	34½	36
New Hampshire	2.00	42½	43½
North River	1.20	28	29
Ohio Casualty	1.20	66	68
Phoenix, Conn.	3.00*	83	85
Prov. Wash.	1.50*	29	31
St. Paul F. & M.	.80	31	32
Security, Conn.	1.60	33½	35
Standard Accident	1.60	34	35½
Travelers	1.00*	610	620
U. S. F. & G.	2.00	52	54
U. S. Fire	1.40	44½	45½

*Includes extras.

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The NATIONAL UNDERWRITER

CASUALTY and SURETY SECTION

May 1, 1952
PAGE 25

Proposes 3 1/2% Profit Factor in Rates of National Bureau

NAIC Subcommittee Lists "Stockholders' Equity" as Yardstick for Profits

A special subcommittee of National Assn. of Insurance Commissioners has recommended a 3 1/2% profit factor for inclusion in the rating formulae for casualty lines under the jurisdiction of National Bureau of Casualty Underwriters. The bureau for many years included a 3 1/2% profit factor in more important filings but last June announced that it was going to use a uniform provision of 5% for profit and contingencies.

The group studying the cost and profit factor of casualty lines decided on the 3 1/2% factor at a recent meeting at Chicago. In its report on this meeting the subcommittee stated that the 3 1/2% factor will produce on filings made by the National Bureau a total profit, when considered together with other sources of income, at parity with the result obtained by the inclusion of an allowance of 5% for fire insurance.

Allows for Variation

Noting that complete parity would have indicated a profit factor of less than 3 1/2%, the subcommittee stated that it concluded "that setting the profit factor at 3 1/2% would make ample allowance for possible minor variations" which might result from further refinement in the data or in the method used.

The subcommittee emphasized that its finding should not preclude a reexamination of the other expense provisions in the National Bureau's rating formulae. It recalled that William Leslie, general manager of National Bureau, last June, in a letter to Commissioner Crichton of West Virginia, indicated that his organization was reviewing the various expense provisions underlying manual rates on the basis of the insurance expense exhibit results through calendar year 1950.

Referring to the fact that the allowance of a provision for a reasonable profit in the rates is customarily expressed as a percentage of the premiums, the subcommittee held that the reasonableness of such allowance cannot be based solely on its relationship to premium volume.

The report stated that the subcommittee is of the unanimous opinion that the proper base against which to measure profits is "stockholders' equity." The subcommittee defined "stockholders' equity" as surplus as regards policyholders plus the equity in unearned premium reserve and any equity in the formula loss reserves.

The subcommittee stated that it was of the opinion that any relevant factors increasing or reducing profits must be considered in determining the reasonableness of a margin of profit in the rates. Relevant factors listed included the excess of premiums earned over losses and expenses incurred; all investment income excluding realized and unrealized capital gains and losses, and income taxes excluding excess profits taxes.

The subcommittee emphasized that its recommendation of a 3 1/2% profit factor for National Bureau filings does not necessarily apply to other rating bureaus or insurers.

Ore. Physicians Win Supreme Court Test

The U. S. Supreme Court in a 7 to 1 decision this week held that the Justice Department failed to prove its anti-trust charges against Oregon Physicians Service, a non-profit insurance plan operated by Oregon State Medical Society.

The American Medical Assn. had criticized the government action as an attempt to terrorize the medical profession and impose the administration's plan for compulsory health insurance. The Justice Department has been investigating similar insurance plans operated by doctors' groups in nearly a dozen other states.

The government claimed, after seven years of successful operation of Oregon Physicians Service, that the doctors conspired to restrain and monopolize the business of providing prepaid medical care in Oregon and that they conspired to restrain competition between the doctor-sponsored medical plans within the state.

Dismissed in District Court

The district judge had dismissed the government complaint on the ground that none of the charges had been proved by a preponderance of evidence. The case was appealed directly to the Supreme Court, which said that no important questions of law or of statutory construction were involved. The issue was solely one of fact, and in view of the government's request that the Supreme Court overrule every one of the district judge's findings, the court noted that in substance it was asked to try the case de novo, which it declined to do.

The court said that by striking out the events and actions of the medical society prior to 1941, when Oregon Physicians Service was organized, except for illustration or background information, "little of substance of the government's case is left. The case derives its coloration and support almost entirely from the abandoned practices."

Since no concerted refusal to deal with private health associations was proved, the court said it did not have to decide whether this would violate the anti-trust laws, but added "there are ethical considerations where the historic direct relationship between patient and physician is involved which are quite different than the usual considerations prevailing in ordinary commercial matters. This court has recognized that forms of competition usual in the business world may be demoralizing to the ethical standards of a profession."

The opinion was rendered by Justice Jackson and the dissent was by Justice Black. Justice Clark took no part in the case.

Viehmann Takes Dispute with Mid-West to Court

Commissioner Viehmann of Indiana has gone to court in his dispute with Mid-West Ins. Co. of Indianapolis, claiming that the company refuses to report its financial condition. The action is "necessary and imperative to the safeguarding and protection of the interests of the public," Joseph P. Sullivan, department attorney, stated.

Mid-West is a charter company, and claims it is exempt from legislation enacted since 1832 when it was organized.

Superintendent Bohlinger of New York acted as chairman at the meeting in the absence of Commissioner Nelson of Minnesota. Others present included Cheek of North Carolina, Maloney of California, George Mekjian, representing Minnesota, and Tom Elmore, representing Florida.

Bankers L. & C. Sues Larson and Cravey

Ask \$30 Million for Insurer Pact to "Destroy" Field Force

Bankers L. & C. of Chicago has filed a suit for \$30 million against the insurance commissioners of Georgia and Florida, against C. C. Bradley, vice-president of Reserve Life of Dallas, together with his company; George Washington Life of West Virginia, Professional of Florida and American Security of Texas, on the grounds that these persons and companies were engaged in a conspiracy in restraint of interstate commerce in violation of the Sherman and Clayton anti-trust acts to ruin the business of the plaintiff. The suit has been filed in the U. S. district court at Miami.

Mr. Bradley is charged in the brief with having represented all the companies named as defendants in a plan to take over all the business, premiums, policyholders, agents, managers and supervisors of the plaintiff in Georgia and Florida. The brief states:

"To facilitate said illegal conspiracy and the destruction of plaintiff's business in the state of Georgia and elsewhere, Defendant C. C. Bradley in behalf of the said corporate defendants represented by him, deliberately embarked on a well-planned secret campaign of bribery of employees and agents of certain public officials. In pursuance thereof he caused to be delivered to agents and employees of Defendant Zack D. Cravey, among whom was Cravey's son-in-law, John R. Taylor, certain emoluments, consisting of currency, automobiles, vacation trips and other things of value."

It is charged in the brief that Mr. Cravey, after notifying the plaintiff that license to do business in Georgia was not renewed as of July 1, 1951, "wickedly and maliciously made libelous and false statements to newspaper reporters with the intent that they would be published generally in Georgia, Florida and other states through the various news services so as to destroy the confidence of present and prospective policyholders in the financial stability and integrity of the plaintiff."

Charge Business Divvied Up

The brief says that within the days immediately following the period when Mr. Cravey announced that the license would not be renewed, the following events took place:

"Defendant Zack D. Cravey, through his agents and employees, furnished to defendant Reserve, the official and original state records, showing the names and addresses of each of plaintiff's agents, managers and supervisors in the state of Georgia and permitted the names and addresses of same to be copied by said defendant, Reserve. Whereupon defendant C. C. Bradley, made a distribution geographically of said names and addresses to various agents and employees of defendant Reserve and George Washington, and instructed said agents and employees of said corporate defendants to contact plaintiff's agents, managers and supervisors and attempt to employ them. In furtherance of the scheme to raid the personnel of the plaintiff, the individual defendants caused falsehoods concerning plaintiff to be circulated among its agents in order to induce them to enter the employ of Reserve and George Washington. A large number of said managers, supervisors and agents of plaintiff were thus employed by defendants Reserve and George Washington, for example, the

(CONTINUED ON PAGE 35)

100% Excess Limits Rate Increase in California Modified

National Bureau Agrees to Same Raises There as in Other States

SAN FRANCISCO — California automobile bodily injury rates for coverage in excess of \$5,000/\$10,000, which were increased in February by 100%, are being reduced to conform with the national scale of National Bureau of Casualty Underwriters, following a series of conferences between bureau representatives, company executives and others interested.

In a joint announcement by Commissioner Maloney and Rollo E. Fay, Pacific Coast manager of the bureau, it was stated that the commissioner questioned the 100% increase, indicating that in his opinion this "special treatment" could not be substantiated under the California rate regulatory law and that it was discriminatory. In other states, except Texas, Indiana and Oklahoma, the increases were 36% for private passenger cars and 70% for commercial vehicles.

Maloney Launches Investigation

The commissioner at that time announced that he intended to make an investigation and Attorney General Brown also entered into the situation, expressing concern and extending the facilities of his office to make an inquiry.

The bureau contended that the 100% increase in excess limits charges, the only increase in these charges it had made in 22 years, was needed because of the exceptionally unfavorable loss experience in California.

The alternative to the reduction now announced, the statement says, would have been a time-consuming formal proceeding under the rate regulatory law, the purpose of which is remedial rather than punitive, and any final order which might have issued out of such a proceeding probably could not have been effective for several months.

Two Changes to Be Simultaneous

It was therefore decided to make the reduction in excess limits charges effective simultaneously with an impending nation-wide increase in the premiums for \$5,000/\$10,000 basic policies, in order to avoid the confusion that would occur if these revisions were made effective on different dates within a relatively short time.

The bureau does not concede that its Feb. 4 increase could not be successfully defended. For his part, Commissioner Maloney emphasizes that although a common effective date has been accepted as an expedient, he has in no way reviewed or passed upon the propriety of the forthcoming increases in basic limits premiums which, under existing law, do not require advance review and approval by the state.

Independent companies generally are expected to follow along with the new arrangement.

Advisory Board to Meet June 6

WASHINGTON — Director Kane has called his Defense Department insurance advisory board to meet June 6.

Stock Insurers Argue for Higher Rate in Mass.

Allowance on Compulsory Not Fair Under the Statute

Stock insurers writing compulsory automobile in Massachusetts in 1950 have filed a brief in their case, in the state supreme court, asking that the commissioner be ordered to refix 1952 rates and give adequate and fair consideration to recent trends, and to increase the 1952 rates to provide stock companies with a reasonable underwriting profit. The case is in the name of Massachusetts Bonding et al. vs. Commissioner. The et al. represents 50 stock insurers out of 56.

The brief also deals with a petition by Harold W. Canavan, an individual motorist, in the rating dispute. The two petitions had been ordered heard together.

The main complaint of the insurers is that the commissioner set rates for 1952 on the basis of the indications of three years, 1948-1950. The companies argued that the commissioner was not warranted by the evidence in estimating the 1952 average losses per car as low as was shown by the averaging of the three years. Claim frequency, the average loss per car year (pure premium) and expenses all were up sharply in 1950.

Three Questions Raised

The brief points out that the commissioner's demurrer raises the questions: Is it necessary for the companies to allege facts sufficient to show that the 1952 rates mean confiscation of companies' property without due process of law, and must the petitioning companies show they individually will not receive a reasonable profit under the rates, or is it sufficient to show that the companies as a whole or that major groups in the business cannot operate at a profit under the 1952 rates?

The companies state that they are not pleading confiscation in violation of constitutional provisions, that they seek only statutory review on the grounds that the 1952 rates do not meet statutory standards of being "adequate, just and reasonable" as provided by the Massachusetts law.

Most of the rate making procedure is not at issue, though in the commissioner's answers, according to the brief, there is some suggestion that he hesitates to give full credibility to the data on outstanding or unsettled claims. The companies point out also that although 1951 indications showed that that year was worse than 1950, Massachusetts Automobile Rating and Accident Prevention Bureau relied on the loss level of 1950 without adjustment for 1951 indices in filing for 1952 rates.

In sticking to the three-year average, the commissioner disregarded the sudden acceleration in the rise of pure premiums and the continuing 1951 trend of bad experience, the brief charges. This in spite of the fact that the one-year trend had been used by the previous commissioner in reducing rates with gasoline rationing and increasing rates when gasoline rationing was abandoned. The 1951 trend showed that losses were 5-10% worse than in 1950 on private passenger cars and 10-15% worse on commercial vehicles.

The commissioner used a factor of 36.5% for expenses and a small, reasonable profit, leaving 63.5% for losses. In his answer to the Canavan petition,

the commissioner pointed out that experience of companies had borne out this expense allowance. The actual results for 1950 showed 33.6% incurred expenses for mutuals on their total premiums, excluding dividends and premium refunds, and 36.4% for the stock companies, excluding profit. Acquisition expense was 14.9% for stock companies and 11% for mutuals.

The stock companies' petition contends that the dollar amount produced by this expense allowance will be inadequate because the loss provision is inadequate to meet losses, but would be satisfactory if applied with a proper loss level. In 1950 stock companies had a total premium of \$23,049,053 on compulsory. Multiplying this by 36.5% produces \$8,412,904 for expenses. Actual expenses were taxes of \$2,882,719 and all other \$5,513,548, for a total of \$8,396,267.

The brief points out that expenses tend to rise and fall with losses, as the commissioner indicated in his answer to Canavan. Claim expense certainly does this, and there is of course always a lag in expense on claims from prior years. Taxes and commissions vary directly with the premiums. The rise in the weekly wage index in Massachusetts was from \$53.95 in 1950 to \$58.37 in October, 1951, or 8.2%. Companies can actually expect a 10% to 15% rise for 1952 as compared with 1950.

With a 15% increase in premiums (and in taxes and commissions), a 12.5% increase in other expenses, and assuming a 1952 increase in losses of 5%, all companies writing compulsory would then have an underwriting loss of \$3,217,060 and stock companies would have an underwriting loss of \$3,401,646 on that business. If the loss increase factor were 10% for 1952, compared with 1950, these two figures would be \$4,651,114 and \$4,372,608.

Rates Must Be High Enough

The brief argues that the rates must be high enough to be adequate for each major significant group in the business, viewed in the aggregate. They must be high enough to enable stock companies to operate with a fair profit in the compulsory field. Since these companies wrote about 65% of the compulsory volume in 1950, they obviously provide an essential market for buyers of compulsory cover.

The statute in Massachusetts imposes statutory rating standards wholly independent of and in addition to the necessity of compliance with constitutional requirements that rates shall not be confiscatory, the brief states. Rates must not be confined to the minimum level necessary to avoid constitutional confiscation. The statute contemplates that rates be high enough to make insurance readily available to the owners of all registered cars.

Price regulation cases support the use of industry-wide figures and strengthen the companies' contentions that the aggregate figures for groups within the business may be used and that a uniform schedule of rates must be high enough to enable each such group, viewed in the aggregate, to operate profitably. This is not the case with the rates approved by Commissioner Sullivan, the brief states. Those rates will not permit the companies as a whole or the stock companies as a group to operate without an underwriting loss. Thus each company is aggrieved. Most stock companies will show an underwriting loss in 1952.

The rates are inadequate, unjust and unreasonable. There is undisputed evidence that the loss level is higher than that contemplated in the commissioner's rate allowance. The use of the experience of a single year is proper, the brief says. It argues for the soundness of the estimate of outstanding losses produced by the "development" factor.

Of the arguments set out to refute the Canavan petition, one was that it is consistent with usual rating practice not to base the expense allowance on

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Rhode Island Legislative Score

PROVIDENCE—The motor vehicle financial responsibility act patterned after the A.A.A. model that was adopted by the Rhode Island legislature before adjournment becomes effective Jan. 1, 1953.

With insurance interests arrayed against it, a bill setting up a two-judge industrial accident court to handle workmen's compensation claims was pigeonholed.

But sent to the governor for his signature were amendments to the compensation law raising from \$10 to \$12 daily the payment to hospitals for ward care of an injured worker, and increasing from \$300 to \$500 the burial allowance for occupational death. Death from occupational disease was also placed under the burial expense provision.

All other workmen's compensation bills were jettisoned in the all-night wind-up in which the legislators were in session for 16 consecutive hours.

A bill backed by Commissioner Bisson to make insurance companies responsible for the broker who absconds with a premium payment on renewed business was also killed. The same fate happened to a bill eliminating the requirement for brokers to post \$1,000 bond with the state.

A bill was enacted amending the charter of Pawtucket Mutual Fire to include multiple line powers. Another bill revalidated a 1948 act incorporating Roger Williams Ins. Co. Still another was to incorporate Trinity Ins. Co. of Rhode Island, with Francis Rowland, Robert Dallas and Frederick Meagher as incorporators, for multiple line, and there was one to incorporate Hamilton Ins. Co., Albert Fascio, Robert Bullard and John Hazelton, incorporators.

There was a bill to give Equitable Fire & Marine multiple line powers, and to increase the number of directors from 15 to 24.

"Physician" Cover Construed

The Oklahoma attorney general has given an opinion to Commissioner Dickey that an osteopath, chiropractor or chiropractor may be considered synonymous with "physician" under insurance policies providing services to be furnished the insured by a licensed physician.

Mr. Dickey, in submitting the question to the attorney general, said the department had been interpreting such policy provisions as covering the services of osteopaths, chiropractors and chiropractors and asked whether that construction of the provision is correct.

The attorney general came to the conclusion after setting forth the laws governing the licensing of these three types of practitioner, other attorney general opinions and court decisions.

Tells How to Woo Editors

Lumbermen's Mutual Casualty has gotten out a manual for agents entitled "You Are News," which gives advice on how the agent should go about dealing with newspaper editors. Among the suggestions are that the agents avoid confusing news and advertising. A guide is given to weigh the value of a story: Is it really worth printing as news and as news alone? Is the story so trivial that it will get the agent a reputation of a "publicity hound"? Will the story help give the agent the reputation of submitting only stories that are newsworthy?

Navy Contract Requirements

WASHINGTON—The navy will require a \$50,000 performance bond, workmen's compensation and medical benefits under a contract calling for removal of scrap and stockpiles in the Bonin-Volcano Islands, off Japan. Proposals will be accepted by the military governor of those islands, who is located at Pearl Harbor, Hawaii, until June 1.

W. A. Knight New President of Ohio A. & H. Association

Meeting the needs and wants of prospects was the theme developed at the sales congress and convention of Ohio



W. A. Knight

Assn. of Accident & Health Underwriters at Cincinnati, April 24-25. A registration of some 170 attendants was drawn from the eight local organizations in the state—Akron, Canton, Cincinnati, Cleveland, Columbus, Dayton, Toledo and Youngstown. Convention time was about equally divided between business and pleasure to make wholesomely palatable the food of sales information prepared by Convention

Chairman William A. Case, Inter-Ocean. William A. Knight, Federal Life & Casualty, Cleveland, was elected president. R. W. Bickelhaupt, Mutual Benefit H. & A., Cincinnati, is first vice-president; William S. Steiger, Massachusetts Indemnity, Cleveland, is second vice-president, and A. E. Richey, Columbus, is third vice-president. Homer Trantam, Insurance Federation of Ohio, Columbus, remains as executive secretary. L. J. Erlsten, Hoosier Casualty, Canton, is chairman of the executive board. Board members are presidents of the local associations.

Ernst Talks on Sales Power

Carl Ernst, North American Life & Casualty, St. Paul, president of the International association discussed "sales power" as derived through the development in his agency of a sales presentation, which he demonstrated. A rule of first importance in preparing sales material, he said, is to use nothing that could not be put in writing.

A number of methods were tested in preparing the material, and it was found that the same idea will not work for everyone. "By the process of elimination," he said, "you discover what little new material you can find and how old the material is that you do use." The sales talk was designed so that there is very little prospect participation. The visual material, he said, should include statistics, newspaper items, company information, visual sheets, and pictures of accidents. "The prospect is entitled to expert knowledge," he said, "and in knowledge there is confidence."

Urges Agent Self-Analysis

Sales problems have become increasingly diversified, and it is necessary to analyze continuously the job of selling, and to employ the priceless asset of self-analysis, said Edward R. Hodgkins, vice-president of agencies of Massachusetts Protective and Paul Revere Life. "Take a personal inventory," he urged. "How well do you really know your own strong points and weaknesses?"

He said that it lies within the power of the agent to analyze himself and his problems, and to arrive at a correct solution and bring about self-improvement. "Not one of us will ever reach the point where there is no room for improvement," he said. "If you want to sell others, sell yourself first."

He cited the rapid growth of A. & H. compared with other lines, and predicted that the entry of more companies into the business will create a boom, with the competition bringing continued improvements in coverages.

Arthur J. Wade, district manager of Reliance Life at Cincinnati, said that he learned the "psychology of selling," which was his subject, by making calls and meeting people. Selling, he said, cannot be reduced to a formula—it is all right in theory, but in practice it is important

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One false step by an employee
can undo a lifetime of honest service

And in that moment
an employer's loss can be great.

EMPLOYERS NEED **Fidelity Bonds**

THE TRAVELERS INDEMNITY COMPANY
HARTFORD, CONNECTICUT

AT ZONE 4 MEET

Need Better Rating Method,
Not Merit Plan, Bell Says

S. Alexander Bell, manager of Mid-West Independent Statistical Service, in his speech at the zone 4 commissioners' meeting at Detroit this week declared that if the present automobile rating system is faulty, changes in it should be not in the direction of merit rating, but by the creation of different classifications of private passenger car owners on the basis of some other and better yardstick for measuring the inherent hazard. "We should not inject into rate making, based on credible statistical groups, the element of chance," he said.

Mr. Bell, who was stating his own opinion and not that of subscribers to Mid-West Independent Statistical Service, commented that so long as large groups must be established to attain statistical credibility, it is obvious that there will be disparity between the members of each group. Any effort to diminish the disparity by creation of more groups automatically reduces statistical credibility. An ideal rating clas-

sification system is one where there is a minimum of disparity without impairing credibility, but even under such an ultimate system, some individuals will feel that they have been unjustly treated.

The desire for merit rating of private passenger automobiles is an expression of dissatisfaction by the individual automobile owner who does not happen to be the one who contributed to the losses of the group of which he is a part, Mr. Bell said. This man feels he is carrying a heavier load than he should and does not understand he could never constitute a credible statistical unit no matter how many cars he owned during his lifetime, and that to relieve himself of the hazard inherent in the ownership of his automobile he must join a group of similar automobile owners and pay his pro rata share of the total cost of removing this hazard from him. "This principle to me is crystal clear," he said. "If a group or classification is created, the very principle

of insurance requires that each member of the group pay his pro rata share and no other. Varying the contribution among individuals for reasons other than dissimilarity in the inherent hazard is no longer insurance, but very largely a game of chance, a reward for luck, or a penalty for misfortune."

Setting up merit rating may simply create another classification within the group, and Mr. Bell said this would be divided into the lucky and unlucky drivers. "There will be no discrimination as long as each sub-group is treated in the same manner, but is it logical to say that a man seeking insurance against a hazard inherent in his ownership of an automobile should be expected to be penalized for having experienced that very misfortune against which he is seeking insurance? If this were a proper principle, then it could be carried to the extreme of making the safe driver refund equal to the total permissible loss ratio for those who did not have accidents and making the drivers who had accidents carry the load of their own accidents. That would mean that the man seeking insurance could obtain insurance only against the differential in the severity of the losses in the group to which he is assigned rather than against any loss from the inherent hazard."

Mr. Bell said he cited the extreme

example to bring out his principle, adding that if the principle is wrong with regard to the entire permissible loss ratio, "how can a partial refund be justified? A violation of a principle to the extent of 10% is no less a violation than a violation of the same principle to the extent of 100%, he observed.

If a safe driver refund is to be made, the initial premium must be loaded accordingly to provide funds over and above claim costs. Mr. Bell said that on the assumption of a 10% safe driver refund and 80% of drivers receiving it, it would be necessary to increase the initial premium by 8.70% and this would reduce the actual saving to the driver of only 2.17%. By the time the premium is loaded for the cost involved of administration of this program, the actual saving would be further reduced. "To offer the uninformed insured an award of 10% which turns out to be only 2% when he gets it, borders on the unethical," he declared.

Outlines Stumbling Blocks

National Bureau of Casualty Underwriters and Mutual Insurance Rating Bureau have already, on the basis of past experience with merit rating plans, mentioned a number of stumbling blocks in the way of merit rating. In a joint memorandum, these were outlined as:

1. The inability of insurance companies to secure a factual record of out-of-state accidents involving policyholders
2. Delay in reporting accidents on the part of the policyholders to avoid a penalty or to retain a credit rating which frequently results in higher cost of claims.
3. The question of fault and arguments between insured and the companies, particularly in connection with settlement of claims out of court.
4. Risks involving more than one automobile.
5. The inducement for the policyholder to change companies immediately after an accident to avoid a penalty or to retain the refund.
6. If an inter-mural plan among companies is to be organized for exchange of data, again there is the additional cost of record keeping and the delay involved.
7. The mechanics of making the actual refund and the keeping of records in connection therewith.
8. The inevitable lag in issuing renewals to allow all of the claims to be presented which pertain to the previous policy term.

To the argument that merit rating should be made simple, cut and dried, so as to require no particular involvement in administrative detail, Mr. Bell said the answer is that a great many will be hurt by being fitted into a rigid formula and the same objection to merit rating will be heard now as is heard as to the lack of it.

Probably the insurance business, Mr. Bell said, has not yet arrived at the most equitable method of rating private passenger automobiles, but strides have been made. New ideas will be tested.

"but none of these experiments will ever succeed which detract from the very principle of insurance of splitting the risk among credible statistical groups involving a similar inherent hazard and making everyone in the group contribute his pro rata share to the fund necessary to pay the losses."

In actual practice, the majority of companies now apply the three classifications promulgated by the National Bureau, and this is essentially a system of merit rating. Individual companies, Mr. Bell noted, go even further. The so-called deviating companies which deviate on the basis of their loss ratio rather than expense ratio, practice this merit rating on a group basis by more careful screening of risks than is generally done. Thus they select a group with a lesser inherent hazard than the average and pass on to them the reduction in rate which such careful selection makes possible. Some large independents have gone even farther.

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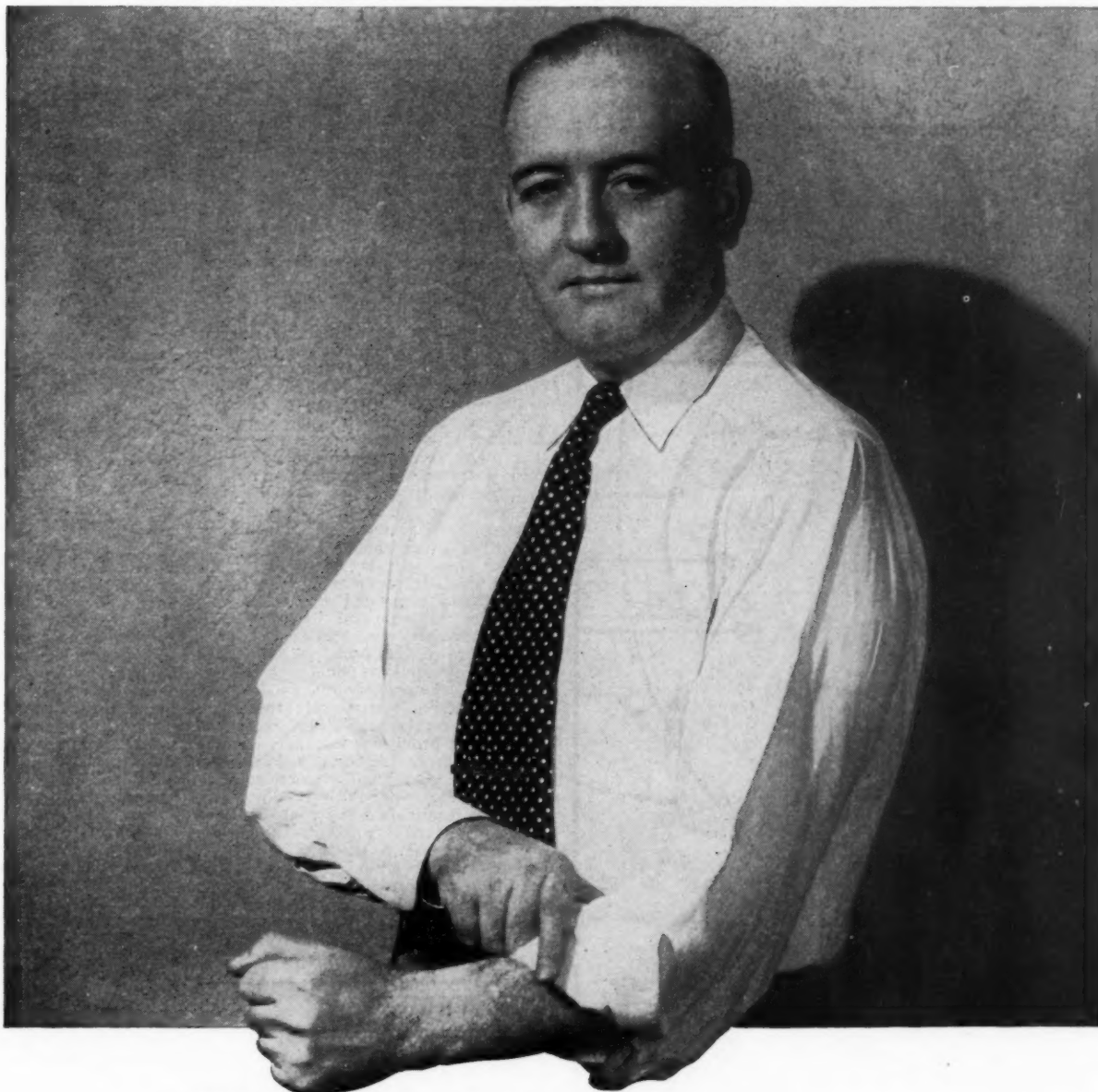


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R. E. McGINNIS, President

HOME OFFICE KANSAS CITY, MISSOURI

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Let's face it! These are trying times for insurance men . . . *all* insurance men. Rates are inadequate. Inflation has skyrocketed losses. Belts are being tightened.

But still, people must be insured. Agents and brokers must be backed by strong progressive companies. Good service must be continued. In fact and if possible, service should be improved.

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March Auto Deaths About Even; Up 2% for Quarter

National Safety Council reports that auto deaths, which have gone up in 22 of the last 27 months, totaled 2,700 in March—virtually the same number as in March, 1951.

The toll for the first quarter was 7,930, which the council said was 2% greater than for the first quarter of 1951 and 11% above the 1950 toll for the same period.

Gasoline consumption, from which travel is computed, is not yet available

for March. However, for the first two months, Americans apparently are driving 11 miles this year for every 10 miles driven last year.

The 10% increase in travel so early in the year, with vacation driving just getting under way, promises the greatest total of travel miles in the history of the country.

In March, 25 of 46 reporting states had fewer deaths than in the corresponding month a year ago. One state reported no change, while 20 had more deaths. For the first three months, 23 states had fewer deaths than for the comparable period last year, two reported no change,

LIVELY S. F. HEARING

Group Actions Face Strong Curbing by Cal. Commissioner

A pair of comments by Commissioner Maloney of California at the two-day hearing on group insurance practices shed light on the philosophy that will govern the group bulletin which he is going to issue within the next month or six weeks. One of these remarks came during the discussion of the anti-rebate law when B. M. Anderson, vice-president and counsel of Connecticut General, remarked that it seemed to him California was stretching the anti-rebate law too far. Commissioner Maloney smilingly replied, "It isn't the anti-rebate law that is being stretched too far, Mr. Anderson, it is the company practices that have been stretched too far."

At another point, Mr. Maloney, after promising there would be no punitive actions on the part of the department, commented, "I can realize that all companies should be interested in cleaning and clearing up the present conditions. A glance at company statements shows that many companies are about losing their shirts on this business." The San Francisco hearings drew a number of top men from the group companies and company associations, both from the casualty and life ranks.

From the industry point of view, Albert Pike, Jr., actuary of Life Insurance Assn., suggested that California liberalize its approval laws. C. H. Tookey, actuarial vice-president of Occidental Life of California, recommended that the group laws be "patched up" rather than completely redrafted as has been suggested. Apparently there will be some new legislation to strengthen the present provisions introduced in the next legislature including a bill for a new, or at least broadly amended anti-rebate law. Kellogg Van Winkle, manager for Equitable Society at Los Angeles, as legislative chairman of the California State Assn. of Life Underwriters, approved the suggestion for a minimum rate provision and that group insurance be included in changes in the anti-rebate law and not exempt from this law as some company men had suggested.

TOP BONANZA

It was brought out that allowances to employers and master policyholders are larger on the west coast than anywhere else by Lawrence Cathles, Jr., assistant secretary of the group division of Aetna Life.

The insurance department made it clear that it believes that fierce competition has been the mother of a number of illegitimate practices, most of them resulting in various forms of rebate. These appear in special services, supplies, retroactive funds on experience rating plans, allowances and, as one attorney representing insured expressed it, "kick-backs."

There were suggestions that regulations be created to set a limit on allowances to employers who handle details and claims, and a limit on the period of time for completion of negotiations prior to actual issuance of a policy while the benefits are in force. Controls were suggested over the use of retention letters, specific rules regarding selection of trustees and limitation of time covering retroactive refunds. There was not unanimity of agreements on all of these suggestions by any means.

Company men present testified when they are requested for letters to estimate costs to prospective policyholders, they stress the fact that dividend or experience credits are only estimates and subject to various fluctuations. The

department has found instances where agents and brokers write such letters giving the impression that these figures are certain. To the statement that such a practice on the part of brokers is not the responsibility of the company, Mr. Maloney replied that under the California law the department would hold the producer writing the letter the agent of the company and proceed against the company's certificate of authority. It was suggested that such letters be controlled by an amendment to the group law.

Most Insurers Handle Claims

The consensus was that the master policyholder should not perform too many of the functions of the insurer. Most company men declared they handle their own claims. In the discussion of allowances to employers for clerical work performed, it was brought out that these percentages vary from 2 to 5%. Mr. Maloney opined that these allowances are an inducement to influence final placing of the business. He indicated there will be some regulation controlling this percentage as well as the services to be performed to earn it. After the two days of frank discussions, Commissioner Maloney told those present that a bulletin, which has been prepared in skeleton form, will be issued as quickly as the bulky transcript of the "evidence" and suggestions can be studied.

American F. & C. Officials Review Federal Tax Claims

RICHMOND—The internal revenue bureau's action of last December in filing tax liens against American Fidelity & Casualty was labeled "arbitrary and unprecedented" in the company's annual report, just released.

In tax liens filed in federal court here, the bureau charged American F. & C. owed \$3,211,738 in additional taxes, penalties and interest for the years 1944-49.

Samuel A. Markel, chairman, and Irvin S. Markel, president, had this to say:

"The filing of a jeopardy assessment against an insurance company regulated by 48 states . . . and with almost \$24 million in assets constitutes unprecedented action. This arbitrary action by the government occasioned considerable interest throughout the insurance industry and is a source of concern to many insurance companies and other businesses."

The annual report states that, after conferences with internal revenue bureau officials, the assessments were reduced by more than 40% to \$1,857,499.

Awaiting its day in court, the company in its annual report also said:

"For the past several years, American Fidelity & Casualty has had discussions with the bureau of internal revenue in connection with our tax obligations. Our attorneys and auditors have consistently advised us that the bureau's position was unsound and contrary to recognized insurance procedure."

"On Dec. 29, 1951, the last business day of the year, jeopardy tax liens were filed against the company in a surprise move, without prior notice and without a hearing of any sort."

"Conferences with bureau of internal revenue officials in Washington revealed that the bureau had not even completed the audit of the matter . . ."

There has been no mention of fraud in the proceedings.

Up N. J. Glass Rates 19.4%

National Bureau of Casualty Underwriters has announced, effective April 28, an average increase of 19.4% in the New Jersey rates for glass insurance due to adverse experience and increases in replacement costs.

Calvin H. Yuill, authority in building material research, housing and building codes, has been named assistant director of the fire technology division of Southwest Research Institute.

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1951 C Report

Surplus in
Colonial, Los
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1951 Company Reports Given

Surplus in the following company reports refers to surplus to policyholders.

Colonial, Cal.—Assets, \$1,889,958, decr., \$72,803. Loss res., \$870,925. Unearned prem., \$68,755. Capital, \$200,000. Surplus, \$296,639, decr., \$105,522.	
Workmen's comp.	—3,639
Liability (not auto)	—1,250
Auto liability	964,181
Auto prop. damage	571,928
Auto phys. damage	760,637
Prop. dam. (not auto)	—1
Prop. auto	23,134
Policy fees	38,765
Total	2,358,640

Guarantee, Cal.—Assets, \$2,839,643, incr., \$110,433. Loss res., \$1,195,533. Unearned prem., \$177,824. Capital, \$311,280. Surplus, \$598,869, decr., \$99,974.	
Group A. & H.	29,152
Workmen's comp.	2,483,060
Liab. (not auto)	118,760
Auto liability	148,576
Auto prop. damage	93,384
Auto phys. damage	159,139
Prop. dam. (not auto)	39,561
Burglary & theft	27,122
Total	3,098,854

Due to a misunderstanding, the surplus to policyholders of the above company was reported erroneously in the March 27 issue. The corrected figures appear above.

Resolute—Assets, \$16,204,783, incr., \$407,846. Loss res., \$1,843,216. Unearned prem., \$10,185,145. Capital, \$1,000,000. Surplus, \$2,604,749, decr., \$447,483.	
Fire	78,538
Ext. coverage	13,636
Island marine	27,691
Auto phys. damage	14,651,602
Total	14,771,467

New Bill to Expand OASI

WASHINGTON—Further expansion and liberalization of social security is proposed in a bill by Rep. Kean, N. J., which he says would place about 5 million additional persons under OASI. These include farm and household workers who cannot now meet the law's requirement that they must work a specified number of days for one employer. However, the bill would retain the provision that such a worker's wages from any one employer be sufficient to give him a quarter of coverage.

The bill would also increase OASI benefits about 10%.

Persons who are engaged part time in covered employment would get larger benefits under his bill, Kean indicated. His proposal would make \$2400 the average income of a permanently and totally disabled OASI-covered person so that he will receive a higher benefit than he would under present law upon attaining age 65. Kean said this provision corresponds to the waiver of premium provision used by life insurance companies. For future beneficiaries, Kean said, his bill provides that OASI benefit amount be based on the individual's earnings in his best ten years of consecutive employment.

Consider Hospital Insurer

California Hospital Assn. is considering a proposal to organize a stock company to write malpractice and public liability insurance. Member hospitals, as the plan now stands, would be the stockholders and principal policyholders. Definite action on approval or rejection is expected within 30 days. No name has been selected.

Conner Baltimore President

George Conner, Fidelity & Deposit, has been elected president of Casualty & Surety Club of Baltimore. Other new officers are: Vice-president, R. N. Brown, Sr., Maryland Casualty; secretary, R. Glover Bauer, Jr., U. S. F. & G.; and treasurer, C. M. Snyder, New Amsterdam Casualty.

Kill U. S. Employee Bond Bill

WASHINGTON—The Senate committee on government operations indefinitely postponed action on a bill to provide for purchase of bonds to cover federal government employees, thus killing it for this Congress.

De Paul Course Hears Corcoran

Glenn S. Corcoran, manager of the automobile department of Western Ad-

justment, lectured on adjustment of automobile physical damage claims at a class session of the casualty adjusters course at De Paul University, Chicago.

Discussing some of the basic problems confronted in comprehensive coverage, Mr. Corcoran outlined an approach to an accurate estimate of the damage.

Airway Underwriters of Ann Arbor, Mich., is making available to qualified aircraft owners in Alaska a complete line of hull and liability coverages, through London Lloyds, for privately owned commercial planes.

Jesse Randall Is C. of C. Luncheon Headliner

Jesse W. Randall, president of Travelers, in an address before the insurance luncheon at the annual meeting of U. S. Chamber of Commerce Tuesday, entitled "Signposts on the American Way," warned that the American way is threatened today by the amateur road-builders and super planners on the one hand and Soviet Russia on the other. "Both hate our road because free men built it and can travel freely on it. Both would sub-

stitute a state controlled road leading nowhere because there would be no place for anyone to go," he said.

Mr. Randall urged American business men to take a more aggressive stand in protecting the American road from attack and decay. Emphasizing the importance of preserving the free enterprise system, he declared that once free enterprise goes, all other freedoms are bound to follow.

John S. Miller and John J. Mucha have formed a new agency partnership at Gary, Ind.

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ACCIDENT AND HEALTH

List Speakers for Conference Annual

The annual meeting of Health & Accident Underwriters Conference will feature discussions on agency management, underwriting, group insurance and hospital and medical insurance developments and trends. The meeting will be

at the Cosmopolitan Hotel, Denver, May 26-29.

Frank Sullivan, Kansas commissioner, president of National Assn. of Insurance Commissioners, will address the opening session, on developments in the A. & H. business.

The relationship of the accident and health insurance business to the hospital and medical care field and its activities in this area will be discussed

by Ralph T. Heller, Prudential, during the afternoon session. Mr. Heller is president of International Claim Assn. and is chairman of the Health Insurance Council.

The challenge confronting accident and health insurance in underwriting physically impaired risks will be analyzed by W. J. McGettigan, vice-president, Security Life & Accident, on the second morning. "What's Ahead for Group Insurance" will be discussed by J. E. Hellgren, Lumbermens Mutual Casualty.

The activities of the International Labor Organization as they affect insurance will be reviewed by A. D. Marshall, assistant secretary of General Electric Co. Mr. Marshall was selected jointly by the U. S. Chamber of Commerce and National Assn. of Manufacturers as social security adviser to the U. S. employer representative to the International Labor Conference at Geneva, Switzerland, in 1951.

Change Corporate Setup

The supervisory committee of Group Health Mutual of St. Paul recommended changes in the corporate setup, but voted down a proposal to increase rates. In his annual report, Secretary G. W. Jacobson said surplus was reduced \$20,000 last year and now amounts to \$154,338.

Mr. Jacobson said the organization has always had a rate structure keeping it on a margin of existence and that Group Health Mutual "has often provided benefits to its members under the insurance formula without having observed time-tested insurance practices. It has provided a broad program of services with insufficient capital structure. Considering the amount of insurance in force we ought to have a surplus of \$500,000 instead of the \$154,000."

Must Cover Boxers in Mich.

Gov. Williams of Michigan has signed an act providing that boxing promoters must insure contestants for at least \$1,000 for medical or hospital expenses arising out of injuries in bouts and \$5,000 for death.

Chase N. E. Wis. President

Northeastern Wisconsin A. & A. Underwriters Assn. held its annual meeting at Green Bay with a caravan of state association officers providing the afternoon program. Frank Chase, Woodmen Accident, was elected president to succeed William Hanrahan, Appleton. Clarence J. Nault was named vice-president and Alfred Bakow, Paul Revere

Life, secretary, both of Green Bay. Reuben Knuth was chairman of arrangements.

Among those who made up the caravan and spoke were Albert L. Anderson, Milwaukee, Massachusetts Protective, state president; Alex Siegner, Business Men's Assurance; Sid L. Horman, Time, and Leo Packard, Packard-Carson agency, state secretary.

Hike Blue Cross-Blue Shield Rates in Mass.

Commissioner Sullivan of Massachusetts has approved increase from 11 to 25% in rates for Massachusetts Blue Cross and Blue Shield.

Blue Shield rates will go up from 25 cents to \$1.25 a month, and Blue Cross rates are increased from 5 to 60 cents.

Six Speakers at Milwaukee

At the May 1 luncheon meeting of A. & H. Underwriters of Milwaukee speakers are S. L. Horman, Time, on legislative matters; George A. Knutsen, Mutual Life, "What I Expect to Get Out of My Membership;" A. L. Anderson, Massachusetts Protective, state association activities; Thomas Callahan, Time, Leading Producers Round Table; Robert G. Morris, Loyal Protective, "How D.I.S.C. Helps Me," and A. H. Siegner, Business Men's Assurance, "What Association Work Means to the A. & H. Underwriter."

Cooper Springfield Speaker

John Cooper of St. Louis, managing director of the Dale Carnegie courses, spoke at the April 29 meeting of Springfield (Ill.) A. & H. Underwriters Assn. The meeting was open to all insurance men in the city.

Surprise Program at Wichita

Kansas Assn. of A. & H. Underwriters met April 28 at Wichita with a surprise program in charge of James Anderson. There was also a brief report on the Kansas DISC class held in March at Wichita.

Urges Selling Plan

Joseph S. Leiby, addressing the Los Angeles A. & H. Underwriters Assn. last week, stressed the value of an effective plan of selling, and said that too many producers rely on stock answers to objections that are furnished by their companies. The agent should consider objections systematically, he said, and if he can give the proper answer, he can prescribe the remedy.

Godfrey Durand has been appointed manager of the underwriting department of Mutual Benefit H. & A. in Canada. He has been assistant claim manager there for a number of years.

Pioneer Mutual Casualty of Columbus, O., has joined H. & A. Underwriters Conference, bringing the membership to 177 companies.

Charles S. Chaney has been appointed agency manager in Arizona for Woodmen Accident. He has been in the California territory.

DeVore to Be General Agent

P. A. DeVore, vice-president of Birmingham Fire of Alabama, plans to resign not later than June 30 to enter the general agency business. He will outline his plans at a later date.

His successor will be announced by H. G. Seibels, president of the company, as soon as possible.

New Branch at Stockton, Cal.

Brown Bros., adjusters of San Francisco, operating 14 branch offices throughout California, have established a new branch at Stockton, with Lewis Lee as manager.

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CHANGES

Knowles Goes to Houston

National Surety Manager

M. M. Knowles, for many years with Hartford Accident at Des Moines, has been appointed manager at Houston of National Surety. He succeeds E. L. Moore, who is being transferred due to an asthmatic condition and will take over certain supervisory duties.

W. L. Weeks Joins Tice, Inc.

Warren L. Weeks, formerly Ohio field manager for Century Indemnity, has been named vice-president and manager of Tice, Inc., new Columbus, O., agency organized by Tice & Associates, who are general agents of Midland Mutual Life. He has been president of Ohio Assn. of Casualty & Surety Managers. E. P. Tice, Jr., is president of the new agency; H. O. Tice, treasurer, and James E. Fusco, secretary.

Schmidt Takes Seattle Post

Ellis P. Schmidt, former Pacific Coast vice-president of Continental Casualty and Dawson & Feek, has joined LaBow, Haynes & Co. and LaBow, Haynes of Alaska, Inc., at Seattle as director of surety business.

Levikow S.F. Claims Chief

Irving Levikow has been named superintendent of claims of Casualty of California at San Francisco. A former army officer, and a graduate of Hastings law school of University of California, he succeeds Edward P. McAleer, who resigned.

Bullen V.P. and Secretary

Frank M. Bullen, vice-president of United States Casualty, has also been elected secretary, taking over additional duties formerly handled by the late Stanley G. Martin.

Mr. Bullen is in charge of liability underwriting for the company, with which he has been associated for more than 36 years.

Advance Cubberly at Detroit

Carle P. Cubberly has been appointed superintendent of the casualty department of Hartford Accident at Detroit. Mr. Cubberly has supervised casualty underwriting at Detroit since joining that office last year after experience at Hartford, where he was supervising underwriter in the automobile department. He has been with the company for 17 years except for a time in the navy during the war.

Thompson Goes to Seattle

William H. Thompson, personnel supervisor of Hartford Accident has resigned to become director of personnel of General of Seattle. He will begin his new duties about May 19.

Mr. Thompson, a graduate of University of Syracuse, joined Hartford in 1941. Office associates gave him a farewell dinner.

Kulp Harleysville V.P.

Abram S. Kulp has been elected vice-president of Harleysville Mutual Casualty and Mutual Auto Fire to succeed the late H. R. Shadlinger.

Mr. Kulp is one of the founders of Harleysville Mutual and has had a varied business career, applying himself solely to insurance and banking since 1940.

Ernest Delp, treasurer and assistant secretary of Harleysville Mutual Casualty, has been appointed to the executive committee. He has been with the company 21 years.

Continues Lapeer Mutual Fight

LANSING, MICH.—Latest development in the 17-year battle of a group of former members of the defunct La-

peer Farmers Mutual Fire against payment of assessments was the filing of a 21-page brief demanding that the state administrative board grant a hearing for an inquiry into activities of insurance commissioners and attorneys general over the entire period since the association went into receivership in 1935. Walter O. Estes, counsel for the dissident membership group, filed the request.

Adolph S. Imig, local agent at Sheboygan, Wis., has been elected president of the board of education there.

Two Ohio Groups to Hold Annual Meetings at Leroy

Ohio Bureau of Casualty Insurers will hold its annual meeting at Leroy June 26-27. J. C. Bishop, assistant secretary of Ohio Farmers Indemnity, is now president and Ray H. Miller of Columbus is secretary and manager.

Underwriters Service Assn. of Ohio will also hold its annual meeting at Leroy on the same dates. John F. Martin of Motorists Mutual, Columbus, is president and Robert Kaufman, State Auto,

Columbus, secretary. Ray H. Miller, Columbus, is manager. Members of the Ohio department and other insurance organizations have been invited to attend the meeting.

Training Home Office Staff

Citizens Mutual Automobile, Howell, Mich., is sponsoring a management training program at which industrial training specialists from Michigan State College will instruct the home office personnel in efficient administrative practices.

"Unforeseen events . . . need not change and shape the course of man's affairs"



Good connection

PERHAPS you're faced with costly damage suits from an automobile crash. Maybe your home has been robbed . . . or an employee has absconded with funds from your business . . . or an accident has disabled you.

No matter where or when trouble strikes . . . you've got an expert trouble shooter as near as your telephone. He is the Maryland claims man and service is his middle name.

In any case, the Maryland claims man takes over for you. He investigates. He settles for you promptly and fairly. He acts as your friend.

You'll find this willing worker everywhere in the United States giving unsurpassed service. And you'll find him a specialist trained to handle any claim which may be filed against you or by you as a Maryland policyholder.

Maryland claims men work as a team with the Maryland agent or broker who sells you protection. Since all these men are expressly selected for their knowledge and experience, you can put your insurance problems in their hands with confidence.

Remember: because your Maryland agent knows his business, it's good business for you to know him.

MARYLAND CASUALTY COMPANY

Baltimore 3, Maryland

All forms of Casualty Insurance, Fidelity and Surety Bonds, for business, industry and the home, through 10,000 agents & brokers

By stressing the teamwork of claims man and agent, this advertisement aims to help Maryland agents and brokers increase their volume.

Company-Agent Parleys Stressed

(CONTINUED FROM PAGE 17)

reasons for the proposal those who had spoken in favor of the spin-off, they being Laurel E. Pease of South Dakota, George R. Miller of Montana and Sheridan Barnes of Kentucky.

On the subject of the possible consolidation of automobile rating bureaus, Mr. Van Vechten simply reported that this will come some time, but not very fast.

There was a long discussion of what if anything to do on the matter of a model agents licensing bill. This, of course, is a warmed over topic if there ever was one, and Walter Bennett, N.A.I.A. counsel, traced the tedious history of the matter from 1934. The subject had some currency at this time because it is on the agenda of National Assn. of Insurance Commissioners again in June. The final decision was to take no action.

Joseph A. Neumann of Jamaica, L. I., gave a ringing call to arms to fight the encroachment of the government in the field of insurance and to stem the flow of socialism.

Home Loan Bank Board Bulletin

Maurice Herndon, Washington representative, gave a rundown on Washington matters touching on insurance, including taxes, bonding of federal employees, federal crop insurance, disaster insurance, federal hospital insurance, social security, war damage insurance. Especial interest was taken in a recent bulletin from Federal Home Loan Bank Board to the 11 member banks on control by federal associations over placing of hazard insurance.

After stating that several complaints have been received from brokers and agencies that certain federal savings and loan associations exercise such control over insurance as in effect to deny borrowers freedom of choice and to coerce them into placing the insurance with particular brokers, agencies or companies, the bulletin reiterates the board's position that borrowers should have reasonable freedom of choice in placing insurance. This is subject only to the limitation that the directors of each association have the right and duty to maintain such requirements as are necessary to protect the association's interest.

Complaint Procedure Set Up

It is stated that the policy was enunciated in 1937 and has since been the basis for action in the comparatively few cases that have been brought up where it appeared that associations were engaging in coercive and monopolistic practices. Supervisory agents are instructed to advise the federal association in each district concerning the matter, pointing out also the anti-trust contingencies, and procedures are set up for handling complaints, with a provision

that if unusual situations arise where some modification of the general procedure would be necessary or desirable, or where the board's policy is not being observed and there is difficulty in obtaining compliance, such cases should be reported to the board.

It is emphasized that this pertains to federal associations only. "Insured state-chartered associations are subject solely to supervision in this matter by their respective state departments, except those cases when a condition was imposed in connection with approval of application for insurance of accounts. It may be, however, that you will wish to advise the state supervisors in your district as to the anti-trust contingency, which is a comparatively recent development, for such use as the information may be to them in connection with associations — insured and uninsured — under their jurisdiction."

Sympathy for FCIC Expansion

Mr. Herndon said there is obvious sympathy in the Congress for an expansion of the federal crop insurance program and that the FCIC appropriation has been increased by over \$500,000 by the House committee.

He said that the President is expected to push vigorously flood disaster legislation, and there is a lot of interest in congressional action on this matter. Mentioning the federal hospitalization insurance for aged persons, Mr. Herndon said the bill will probably die without action, since its introduction is a calculated political move designed to build up a strong campaign issue.

On war damage he said that most authorities feel that no final conclusion will be reached by the present Congress.

The Rocky Mountain Territorial Conference Tuesday adopted a resolution that was offered by Guy Engle of Casper, Wyo., recommending that the auto assigned risk plan be amended so as to eliminate the surcharge on so-called clean risks. Also to provide that the place of principal garaging shall be used as the point of origin for the subject of the insurance. This is intended to make certain that service men are entitled to assigned risk treatment in the state of their military abode. Also, the resolution recommended that bodily injury liability coverage be made available optionally to assigned risk people for 10/20 limit. This would take care of service men whose commanders are prescribing such limits.

Probationary Licenses for Youths Proposed in R. I.

(CONTINUED FROM PAGE 1)

number of people, and which people, had not been involved in accidents during the rating period.

He said it is difficult to understand why an insurance commissioner would want to "kid" the public by approving an excessive rate at the date a policy is issued in order that an adjustment could

be made at its expiration.

The answer to the automobile insurance problem, he said, is to reduce the number and seriousness of accidents. In this respect, he had praise for James R. MacDuff, New York motor vehicle commissioner, who has pledged to crack down on the careless driver causing accidents.

The association's casualty and surety committee, of which J. Kenneth Cormack is chairman, reported that it had succeeded in persuading Commissioner Bisson to hold up any plan for mandatory application of experience rating to all compensation risk plans.

The report also recommended adoption in Rhode Island of the New Hampshire system in workmen's compensation assigned risk plans for a loading of 8% of total premiums, 5% payable to the licensed producer as commission and 2% to the insurer or its licensed agent for field supervision allowance.

The committee said it had requested the Rhode Island chapter of Associated General Contractors to circulate among architects and engineers a letter to discourage drawing of specifications on publicly-bid projects in such manner that the contractors' performance bond business has to be given a favored carrier.

Zone 4 Meeting Covers Wide Range

(CONTINUED FROM PAGE 1)

responsibility to collect license fees from agents, maintaining that this is a company responsibility. Mr. Olp said that a continuous licensing could be put into effect after the agent had been licensed for three years under the present system. Mr. Lange said that he opposes the idea of the department's assuming too much responsibility and expense in licensing individual agents. That is the companies' function, he declared. They are the ones who hire and screen agents and it is up to them to both educate and apply for the licenses.

E. M. Griggs, National Board, pointed out the advantages of permanent licensing as already adopted in several states. The commissioners reached no conclusion on this problem, although Commissioner Navarre said that he would take into consideration the objections of industry people to his recent ruling requiring a credit report of licensees to be kept on file by the insurance companies.

A. & H. Suggestions

John Wickstrom of Michigan presented the A. & H. committee report in which it was suggested that the question of terminal maternity benefits be put on the N.A.I.C. agenda, and that the states adopt regulations on the writing of franchise insurance, especially when it is confused with group. Both of these suggestions were adopted by the zone 4 organization.

The chief examiners, actuaries and deputies report was made in executive session. This covered only internal problems.

Tuesday morning, Samuel Orabaugh of Iowa brought up the question of whether certain television servicing contracts constitute an insurance agreement. The states could not get together on this, some of them feeling that this is out of their jurisdiction.

The zone 4 casualty rate supervisors' report included a report on the N.A.U.A. rating formula, and contained 10 recommendations for changes in the N.A.U.A. plan. W. D. Hall, actuary, and Howard Omsberg, assistant manager of N.A.U.A., urged that this item be carried over until the June meeting of N.A.I.C. when the N.A.U.A. will present a new rating formula which will incorporate many of the zone 4 suggestions. Mr. Omsberg said he feels this problem should be handled on the national level rather than regionally. Some of the commissioners expressed

a little impatience with the N.A.U.A., and Day of Illinois reviewed the history of the problem, which grew out of an examination in 1950 of N. A. U. A.

One of the big items on the agenda was the Tuesday morning forum on merit rating plans for private passenger automobile insurance. The chief participants in this were S. Alexander Bell, manager of Mid-West Independent Statistical Service of Chicago, and Director Day of Illinois. Mr. Bell presented what was called the industry's viewpoint, while Mr. Day gave some ideas from the department side.

No. America to Have Staff Unit at Richmond, Ind.

North America this week signed an agreement to purchase the Morton Center building at Richmond, Ind. After extensive remodeling, which will take several months, the four-story, fire resistant building will be converted to an office building and will house certain underwriting, operating and mechanical departments. The staff operations at Richmond will make it possible for North America's service offices in the middle west to concentrate on production.

The Richmond law firm of Gardner, Jessup, Harrington & Haworth handled the purchase for North America.

Colo. Fire Rates to Go Down 20% May 19

Rate changes are becoming effective in Colorado May 19. There is to be an average reduction of 20% in the dwelling fire rate. There will be an increase of 50% in the wind and hail rates and a 50% increase in the extended cover rates on dwellings and a 35% increase in the extended cover rates on mercantiles. There will also be rate changes in Wyoming and New Mexico.

Insurance Women of the Lower Rio Grande Valley will hold a "bosses' dinner" May 19 at Harlingen, Tex., when these officers will be installed: Miss Oneta Grisham, Breedlove agency, Los Fresnos, president; Mrs. Jerry Magee, White & Sutherland, Brownsville, and Mrs. Jackie Peterson, C. A. Fanning Adjustment Bureau, Harlingen, vice-presidents; Miss Pat Delaune and Mrs. Rosa Allala, both with White & Sutherland, secretaries; Mrs. Mary Jahne, Cleary-Goodrich agency, Brownsville, treasurer.

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All forms for Casualty and Fire Companies

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Banker for \$3

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Bankers L.&C. Sues Plead for Higher for \$30 Million Massachusetts Rates

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entire sales force of plaintiff in Augusta, Columbus and Savannah, Ga., as well as agents, managers and supervisors elsewhere. In addition the inquiries or leads then on hand at various offices of plaintiff were illegally obtained by said corporate defendants and used for their benefit."

Hartford Accident is named a defendant in the suit because of its role of surety on the \$20,000 official bond of Commissioner Cravey.

The suit states there are a number of other persons who have aided the named defendants.

Allege Cravey, Larson Campaign

It is charged in the suit that Larson and Cravey conspired together to use the powers of their respective offices to suppress and eliminate the Bankers L. & C. business and property in Florida, Georgia and elsewhere. It is charged that at various meetings of commissioners, Messrs. Cravey and Larson attempted to "malign, discredit and damage the company in relationship with commissioners." The suit says that in directing the company to desist from the use of its trademark, "The White Cross Plan," Mr. Larson attempted to circumvent the Florida law relating to revocation of licenses by attempting to prohibit plaintiff from doing any business in Florida through the indirect means of disapproving of all its policy forms. It is charged that Mr. Larson took many means to discredit the plaintiff, including writing letters to policyholders which are described in the brief as defamatory and deliberately planned to destroy the plaintiff in its business.

The brief says that on July 18, 1951, Messrs. Larson and Cravey convened a special meeting in Atlanta at which they were going to attempt through all commissioners in zone 3, to "illegally boycott and destroy plaintiff's business."

The brief states that one of the participants in this meeting declared, "The time has come when we should sit down this afternoon and formulate a plan to move in on this outfit—including John MacArthur—and should not adjourn until we have formulated this plan."

The Bankers L. & C. brief says that at this meeting the principals were aware that Bankers used legal means in its operations and was not subject to attack in the courts. It is stated that Mr. Cravey asked the commissioners what kind of a program could be devised to destroy the plaintiff's business and that Mr. Larson cautioned those present "as to what might hurt the cause—getting together in a meeting and taking concerted action—that the better strategy would be for each state to start picking at it as soon as it can and as effectively as it can."

"SECRET COMBINE"

The brief states that those present at the meeting decided that it would be unwise to put anything on record in the form of a resolution, but that each commissioner would act separately but in coordination with others and by secretly combining their actions effectively carry out the plan of destroying the plaintiff. It was proposed at this meeting that "if all the insurance commissioners present would hit the plaintiff from every conceivable angle, and if enough cases were filed at once, the plaintiff would not have enough lawyers to go around." Pursuant to a secret agreement made at the meeting, some of the commissioners began to harass the company with unreasonable and vexatious demands and notices of hearings, the brief declares.

Attorneys for Bankers are Charles F. Short, Jr., Chicago, and Miller Walton, Miami.

The suit was served during the zone 3 N.A.I.C. meeting at Panama City, Fla.

the individual territory experience record. Expenses are directly related to losses of each territory. The commissioner's statistical order does not require a separate reporting of expenses for territories. Taxes and commissions vary directly with premiums.

The companies also argue strongly against the Canavan petition with respect to considering potential earnings on loss reserves in making compulsory rates. There were approximately \$24,500,000 of passenger compulsory loss reserves as of March 31, 1951.

The commissioner denied this item of the Canavan petition in his brief. He said it was not substantial and that he had considered it in fixing the 36.5% expense allowance. Also, that money would earn a low interest rate because it would have to be invested in short term securities, and in the end any reduction of rates as a result would be slight.

The companies pursued their argument in this connection by saying there was no evidence to show this interest should be accounted for in making compulsory rates. In the automobile casualty insurance field it is "grossly improper to take any such factor into account" in rate making.

To do so would tend to encourage unsound insurance practices and delay loss settlements. Companies would tend to try to get interest enough to equal the factor allowed in the rates. This would subject rates to security market fluctuations. If interest on such funds is to be considered at all, it should be considered only in determining if companies will realize a proper profit margin.

The brief was prepared by R. Ammi Cutter and James W. Perkins.

Ohio A.&H. Assn. Names W. A. Knight President

(CONTINUED FROM PAGE 26)

to concentrate on the individual and try to meet special needs.

"The primary qualification of a good salesman lies in the fact that all his clients think they got a good buy," he said. "People have definite preferences as to where they buy. The big factor in getting business is to make a person think he or she is somebody special." Make the sales story simplicity itself, he suggested. The prospect is interested in himself, and the story should be presented from his angle and it has to be told simply so he can understand it easily.

Mr. Wade discussed seven basic factors of top-flight salesmanship: (1) Rid yourself of mental obstacles; (2) take the wind out of the customer's sails by turning objections to your own account; (3) never cut the corners in your sales talk; (4) never tell a story without a build-up—there is no short-cut to a sale if properly made; (5) don't be a scoffer at ideas because you tried one once and it didn't work; (6) paint accurate word pictures—make the prospect wish he had your product; (7) follow a straight line in the sales story.

Successful ideas in selling and ways in which they might be applied were discussed by William G. Coursey, executive secretary of the International association.

Myers Y. Cooper, former governor of Ohio, was the luncheon speaker in the sales congress portion of the program. He discussed "Preserving the American Way," and contrasted the higher living standards of the United States with those he observed in European countries.

Start \$1 Million Building

Cornerstone has been laid for the \$1 million home office building of Shelby Mutual Casualty. When it is completed in November, about 250 employees will be added.



"I'll Meet You At The Court House"

On-the-spot writing of probate bonds is one of the features of Ohio Casualty service which is specially appreciated by the attorney clients of our agents.

This is just one of many ways in which the Ohio Casualty agent is able to build himself up as "the bond man" in his town.

Enthusiastic agents, coast-to-coast, acclaim our time-saving short-form order blank, our short-cut, streamlined handling of probate bond business—a procedure so simple that bonds can often be arranged for over the telephone.

Inquiries from responsible agents are invited.

Fast:
friendly:
coast-to-coast:
claim:
service:

THE
Ohio Casualty
INSURANCE COMPANY

Home Office, Hamilton, Ohio

INSURANCE NEWS BY SECTIONS

MIDDLE WESTERN STATES

Stellar Program Is Set for Kan. Insurance Institute

Arrangements have been completed for the annual fire and casualty institute sponsored jointly by Kansas Assn. of Insurance Agents and University of Kansas, and set for June 11-13 at Lawrence.

The first day's program starts with a talk on "Selling Service is My Job" by Fred Sharpe, university salesmanship lecturer. Other talks that day are by Maurice K. Ramsey, Kansas City manager of Fidelity & Deposit, on fidelity and surety bonds; Irving H. Thomas, Aetna Fire state agent, on business interruption; Curtman Maupin, Kansas manager of Home, on fire forms and endorsements; E. H. Fikes, Home farm state agent, and William E. Dow, manager of the property and marine division of Kansas City F. & M., on farm insurance topics, and Hazel Gray, Crum & Forster, on hail insurance on growing crops. A sports movie will be shown following dinner.

W. W. Rouse, regional supervisor of Western Adjustment at Wichita, will begin Thursday's program with a talk on "The Adjuster's Role in Loss Settlement." Afterward there will be a discussion of office helps and techniques by Richard J. Layton, vice-president of Rough Notes, and an analysis of agency expense and income tax procedure by Joseph Garrison, Garrison & Gresser, Topeka.

That afternoon George E. Erickson, New Hampshire Fire state agent, will talk on multiple line reporting forms and Howard Campbell, Kansas City F. & M., will discuss rate control through rate engineering. John Crown of the Lawrence Paper Co. is the dinner speaker.

M. J. Welhoelter, assistant manager of U. S. F. & G. at Kansas City, will make a presentation on automobile liability insurance Friday morning after which there will be a general insurance panel.

Wisconsin May Rule Out Zoned Windstorm Rates

Zone rating for windstorm insurance may be banned by the Wisconsin department. Commissioner Lange stated he plans to order a uniform rate for the state unless zone rating proponents can convince him their plan is better.

The subject of zone rating has been under investigation of the Wisconsin department for three years following passage of legislation providing that such rating must have the express approval of the insurance commissioner. The studies indicate, according to Mr. Lange, that there is no reasonable ground for zone rating by political boundaries, or for farm property as against urban risks.

Only three companies in the state, Citizens Mutual of Janesville, Integrity Mutual of Appleton, and Farmers Mutual of Madison, have adopted zone rating. Other insurers, however, contend they may be forced to adopt zone schedules to meet competition.

MacDonald Changes School

Dr. Donald L. MacDonald, assistant professor of insurance and finance at Oklahoma A. & M. College, has been appointed assistant professor of insurance at the University of Michigan. His appointment, to start the next school year, is for three years.

Ferguson's 40th Anniversary

Homer J. Ferguson on May 1 will mark his 40th anniversary with Farmers Alliance of McPherson, Kan. He started

in the endorsement department. After a time he became special agent and after service in the first war, he was named chief underwriter. In 1923 he was elected a director. Mr. Ferguson became vice-president in 1932 and two years later helped organize Alliance Mutual Casualty. In 1940 he was elected secretary and treasurer of both companies, his present position. Mr. Ferguson was secretary of Kansas Assn. of Mutual Insurance Companies for 16 years and president of the association in 1948. He has been a director of National Assn. of Mutual Insurance Companies for many years.

New Dodge City Lineup

Glenn R. Davies, vice-president, has been advanced to president of Dodge City (Kan.) Assn. of Insurance Agents. He succeeds Donald P. Young, Jr., Dodge City Abstract, who has been called to active service in the navy. Nick Stremel has been named vice-president to succeed Mr. Davies.

Hold Banquet at Zanesville

Zanesville (O.) Assn. of Insurance Agents held a banquet Tuesday evening with Insurance Women of Zanesville as guests. Ray H. Miller, Ohio Bureau of Casualty Insurers, discussed public relations as effected by the assigned risk plan, and also told about the new financial responsibility act which goes into effect March 1, 1953. Superintendent Robinson of Ohio also spoke.

COAST

Study Return Commission Practices at Seattle

SEATTLE — A special study of return commission practices with respect to annual renewal plan and term installment plan fire policies is being made by a committee of King County Insurance Assn.

At present, where business passes from one agent or broker to another, the new agent stands the return commission in the event a policy is cancelled. On policies payable on an installment or audit basis, the new producer, if the change is made in mid-term, stands any return commissions and similarly receives commissions on additional premiums or installments coming due subsequent to the broker of record letter date.

Some feel that fire policies written under the payment plans should receive special consideration in that most, if not all, of the work is done at the inception of the policy. They contend that the agent or broker establishing the three or five year-term program should receive the commission on all of the installments.

Alfred W. White is chairman of the committee making the study.

G.A.B. Office at Farmington

General Adjustment Bureau has opened a new office at Farmington, N. M., with Kenneth L. Carlisle as adjuster in charge. Mr. Carlisle has been adjuster in the Farmington area for two years.

Montana Veterans Band

Five members of Montana Fire Rating Bureau with 25 or more years' service record, were inducted into the new 25-year club and presented engraved wristwatches at a luncheon at Butte. The hosts were L. W. Gilbert, general manager, and F. H. Hawkins, assistant

general manager, Pacific Fire Rating Bureau.

Mr. Gilbert said that the idea for establishing the 25-year clubs in the various offices under the jurisdiction of P.F.R.B. originated with Charles W. Cook, manager of the Montana bureau and a 35-year man with that bureau.

The other charter members of the Montana Club are F. J. Sullivan, assistant manager, with 36 years; S. J. White, chief surveyor, 31; E. F. Sullivan, surveyor, 32, and Miss Carrie Worcester, chief examiner, 30.

Fiduciary Section Discussed

Joseph D. Thomas, assistant to the chief of the compliance and legal division of the California department, speaking before Retail Credit Managers Assn. of Los Angeles, analyzed the section of the insurance code which deals with the fiduciary status of insurance agents and brokers. He told of the requirements of the department and the factors considered in seeking penalties for violation of the section.

Cal. Department's Work Told

Functions of the California department, including its many expanded activities, were detailed at a dinner meeting of Insurance Forum of San Francisco by Frank Fullenwider, chief of the compliance and legal division.

EAST

W. Va. Agents Fight Filing on Premium Payment Plans

CHARLESTON, W. VA.—The executive committee of West Virginia Assn. of Insurance Agents voted unanimously to oppose the proposed filings of premium payment plans made by West Virginia Inspection Bureau and now pending before Commissioner Crichton. It was declared that there had been no public demand for such plans in West Virginia, that the budget plan rule and private financing plans currently available in West Virginia are adequate and that the adoption of such plans are not in the public interest because they are bound to result in increased overhead to companies, rating bureaus and agents, which must eventually be paid for by the public.

The committee also declared that the proposed filings are unfairly discriminatory, that they constitute a threat to agency solvency and ownership of expirations and their final result would impair the economic stability of the insurers through conversion of term business to annual payment plans.

The committee feels that the situation in West Virginia is such that a very few companies have utilized such plans as a competitive weapon and that the companies now seek to nullify this by adoption of similar plans without due regard to the final results.

Has Casualty Claim Section

Wiseman & Co., adjustment firm of Washington, D. C., has established a casualty claim department with William L. Brown, Jr., in charge. He has been 20 years in the adjusting field, most recently with Standard Accident as claims manager at Washington. Robert S. Wiseman is the grand guardian of Blue Goose.

Cashman Joins Fisher Co.

Frank J. Cashman, formerly with Crum & Forster at New York, has joined the George B. Fisher Co. of Hartford and will head up a special department there, handling insurance appraisals, rate surveys and coverage analysis.

SOUTH

First J. H. Johnson Memorial Award at Miss. Meeting

The J. H. Johnson Memorial Award will be inaugurated at the annual meeting of Mississippi Assn. of Insurance Agents at Edgewater Park, June 5-7. This award was recently established by O. Shaw Johnson of Clarksdale in memory of his late father, Col. J. H. Johnson.

Colonel Johnson was one of the founders of the Mississippi association and served five terms as its president; he was the organizer and first president of the Yazoo-Delta Local Agents Assn., one of the strongest regional groups in the south today, and served a short time as Mississippi commissioner.

The award is to be given "in recognition of distinguished service to the insurance profession." The committee named to select the recipient is composed of Theo. Hardy, Vicksburg, chairman; E. H. Reber, Fayette, oldest living past president; Warner Wells, Sr., Greenwood; Julian Hopkins, Columbus, all past presidents; and Clant M. Seay, secretary-manager of the association.

It is not contemplated that the award will be made annually but only for distinctive and meritorious service when such achievements may justify it.

Urge Aid in Auto Cover

Commissioner Southall of Kentucky has sent an urgent request to local agents of the state, asking their aid in assisting civilians and members of the armed forces, who are unable to obtain automobile coverage, to obtain coverage through the assigned risk plan. He says this is a public relations service that only agents can perform and that the agents and the companies they represent should bend every effort to supply this much needed coverage, direct or through assigned risk.

At Elizabethtown, Ky., Sheridan Barnes, who is state national director, is advertising in the Ft. Knox newspaper, inviting officers and servicemen to contact his agency for insurance, and is getting a good response.

Postpone Va. Hail Hearing

Virginia corporation commission has postponed from April 28 to July 8 a hearing on new rate schedules on hail and storm insurance asked by Virginia Insurance Rating Bureau.

Two More Ark. Speakers

Two speakers have been added to the annual convention program of Arkansas Assn. of Insurance Agents at Hot Springs, May 22-24. They are E. J. Seymour, Monroe, La., an executive committee member of N.A.I.A., whose subject is "National and State Associations Value to the Agents," and Commissioner Graves of Arkansas, who will talk on "Thank God for the Institution of Insurance."

Plans for Ky. Regionals

At the district meeting of Kentucky Assn. of Insurance Agents at Bowling Green May 8, there will be reports from officers, a talk by Commissioner Southall and a guest speaker to be announced. There will be a forum in the afternoon, at which fire and allied lines, marine, casualty and loss adjustments will be discussed.

A meeting also is planned for eastern Kentucky at Cumberland Falls some time between June 12 and 19.

The Combs-Spradlin agency, Prestonburg, Ky., has changed its name to Combs, Spradlin & Allen.

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PHOTOGRAPH BY SARRA

Selling Safety and Security is His Business

Day in and day out, regardless of where he is or what he is doing, he sees them . . . friends and neighbors, folks who go about their business—and pleasure—secure in the knowledge that their insurance coverage stands between them and serious financial loss.

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F A M O U S A M E R I C A N H O M E S



The "Cornwallis" House...

VETERAN OF THREE WARS



WHEN Lord Cornwallis came to Wilmington in April 1781, as his headquarters he requisitioned part of the finest dwelling in town, the home of Judge Joshua Grainger Wright. Although he stayed only two weeks, this fine old North Carolina mansion has ever since been known as the Cornwallis House. For many years initials scratched on a windowpane in the drawing room were reminders of the brief romance between a junior officer on Cornwallis' staff and one of Judge Wright's lovely daughters. By an amazing coincidence, a century later when a descendant of the Wright family was returning to Wilmington from a trip abroad, she met on shipboard a young Englishman who confided that he was making a pilgrimage to the Cornwallis House to see the initials which one of his ancestors had engraved on a window with his heavy diamond ring.



The house was built in 1771 by the wealthy John Burgwin, treasurer of the colony. When he went to England at the start of the Revolution he leased the house to Judge Wright who later purchased it.

The foundations were built on the site of the old town jail. In the dungeon beneath the house were confined many rebellious colonists who disobeyed the edicts issued by Cornwallis. According to local lore, leading from the dungeon to the Cape Fear River was a tunnel through which many persons escaped.

This gracious home of Southern aristocrats was used by armed forces in three wars: During the Revolution it was occupied by the British; in the War Between the States it quartered Federal officers after Wilmington had been captured by Union armies; and in World War II it served as an officers' club.

The Cornwallis House is now the headquarters of the North Carolina Society of the Colonial Dames of America. Authentically restored, it is open to the public through the society's generosity.

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